MARKETING *AND* FARM CREDITS

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MARKETING *AND* FARM CREDITS

PROCEEDINGS

OF THE
FIRST NATIONAL CONFERENCE ON
MARKETING AND FARM CREDITS

In CHICAGO
APRIL 8, 9 AND 10, 1913

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PUBLISHED BY
COOPERATING FARM PAPERS

A WORD TO THE PUBLIC

In calling the First National Conference on Marketing and Farm Credits the publishers of the farm journals that sponsored and financed the undertaking had no pet scheme to foist upon the public; neither was it their purpose to inaugurate a fight upon any special interests connected with present methods of marketing farm products or financing farm business.

Recognizing certain defects, and believing that from the common counsel some light might be thrown upon the ways, they undertook the responsibility of initiating this national movement. Believing that in a multitude of wisdom truth may be born, they brought the people together to diagnose evils and to propose remedies.

From the very beginning the promoters of this conference took every precaution to keep it apart from any touch of sensationalism and free from evidences of hasty action. The manner in which the delegates went about the work was gratifying beyond the promoters' dreams.

The call received a generous response; the delegates who attended were pioneers blazing the first national trail to redirect economic forces for the readjustment of the farming population to harmonious relations with the industrial world.

At all times the conference was within the control of delegates who represented the business interest of farmers, and as such the deliberation of the delegates cannot but be recognized as of supreme importance. For this reason, also, the sentiment of the gathering must have great influence with those in the legislative halls who represent the whole body of the people.

When the gavel fell on the first session the foster-relation of the farm journals who promoted this conference ceased and they became as others—joint participants in a mighty work.

A CALL FOR A CONFERENCE

To the People of the United States, and particularly those directly interested in the growing and distributing of farm products:

While the people are complaining of the high cost of living many farmers are finding that their business does not yield profitable returns on labor and investment.

This constitutes the giant paradox of our time, and is so because of certain remediable defects in the economic structure of the Nation. We believe these defects come from a crude organization of the farmers' way of doing business. The losses occurring yearly amount to millions and affect producers, transportation lines and many business interests. This waste not only makes for exorbitant retail prices of foodstuffs, but also makes impossible a healthy growth of the farming industry.

A generation ago the neighboring village or the county seat offered fair markets to the individual farmer; but such a method of distribution today is in disharmony with the business world. Yet, in but few sections have farmers made the necessary adjustment to modern conditions. Through no fault of their own, this situation reacts harmfully upon all.

Compared with European countries, the business organization of American agriculture must appear crude. We remember, however, that our Nation is still young, and just emerging from an era when farmers might exploit the land without regard to soil conservation. Even now a large part of the Nation has not reached the ''settling down stage.'' A constructive program, therefore, is necessary, since both our marketing methods and our provision for the financing of farmers have been outstripped by other countries, and by the evolution of other industries within the confines of the Nation—a pathologic condition of supreme importance.

Our investigations have led us to believe that conditions, such as we have described, can be improved with the least delay by cooperation with farm producers from others interested in the growing and distribution of farm products, and by the creation of a bureau of markets in the United States department of agriculture.

We believe that any attempt to reconcile the high cost of living with the earning powers of the people must be founded upon a normal condition of the agricultural classes. But the present season offers little hope either to producers or consumers unless the people take quick action.

Therefore, acting upon the authority delegated us, we call a conference of all people interested to meet in Chicago, April 8, 9 and 10, 1913, to counsel together and devise some acceptable plan of action.

This conference will be open to a full, free and frank discussion of such subjects, as how to organize the producing interests for better methods of distributing and marketing farm products and how farmers may unite to secure credit and other matters of direct relation to the producing and distributing interests of the Nation.

Those attending this conference will have the benefit of the best thought that can be brought to bear upon the related problems. Leading economists, railroad men, highly skilled sellers of farm products, and leaders of rural life movements will devote themselves to a discussion of present handicaps and plans for constructive action.

After this discussion the delegates to the conference will take such action as they may deem fit leading to the correction of these evils.

FRANK P. HOLLAND, Dallas, Texas.
BEN F. BILITER, Huntington, Ind.
FRANK E. LONG, Chicago, Ill.

Arrangements Committee.

CHAS. W. HOLMAN, Secretary,
1408 Steger Bldg., Chicago, Ill.
Feb. 16, 1913.

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R. L. Watts, Director Experiment Station, State College, Pennsylvania.

Charles Dillon, Professor of Journalism, Kansas Agricultural College, Manhattan, Kansas.

J. H. Connell, President Oklahoma Agricultural and Mechanical College, Stillwater, Oklahoma.

A. F. Wood, Dean, University of Minnesota, St. Paul, Minnesota.

R. S. Shaw, Dean, Michigan Agricultural College, East Lansing, Michigan.

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Geo. B. Horton, former Master Michigan State Grange, Fruit Ridge, Michigan.

J. R. Commons, Industrial Commission of Wisconsin, Madison, Wisconsin.

W. B. Yeary, President Texas Cotton Growers' Association, Slaughter Building, Dallas, Texas.

S. E. Bradt, Chairman Good Roads Committee, State Bankers' Association, DeKalb, Illinois.

Hon. Will H. Mayes, Lieutenant Governor of Texas, Brownwood, Texas.

Thomas Cooper, Director Better Farming Association, Fargo, North Dakota.

Alson Secor, Editor Successful Farming, Des Moines, Iowa.

Col. R. E. Smith, Former President Texas Good Roads Association, Sherman, Texas.

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P. J. O'Gara, District Plant Pathologist, Medford, Oregon.

W. G. Edens, President Illinois Highway Improvement Association, Central Trust Company of Chicago.

Bert Johnson, President Arkansas State Horticultural Society, Highland, Arkansas.

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H. J. Sconce, Sidell, Illinois.

Chas. Rowe, Jacksonville, Illinois.

W. D. Gibbs, Winchester, Illinois.

L. L. Monsees, Smithton, Missouri.

L. A. Goodman, Independence, Missouri.

H. J. Waters, President Kansas Agricultural College, Manhattan, Kansas.

J. P. Mason, President Illinois Dairymen's Association, Elgin, Illinois.

E. W. Burroughs, Director Illinois Farmers' Institute, Edwardsville, Illinois.

A. P. Grout, President Illinois Farmers' Institute, Winchester, Illinois.

John T. Burns, Executive Secretary-Treasurer National Dry Farming Congress, Tulsa, Oklahoma.

Clarence A. Shamel, Editor, Orange Judd Farmer, Chicago, Ill.

Jno. Thompson, Editor Farmer and Breeder, Sioux City, Iowa.

C. B. Messenger, Editor California Cultivator, Los Angeles, Calif.

E. J. Kyle, Dean School of Agriculture, Agricultural and Mechanical College, College Station, Texas.

THE PROGRAM

MORNING SESSION—APRIL 8, 1913.

Col. Frank P. Holland, President Associated Farm Papers, permanent Chairman and Presiding Officer.

''Cooperation the Keynote''—Opening Address.

Harry A. Wheeler, Chicago; President, Associated Chambers of Commerce of the United States. (See page 1.)

Permanent Chairman's Address—

Col. Frank P. Holland, Dallas, Texas. (See page 4.)

''Waste in Distribution.''

Charles R. Van Hise, Madison, Wisconsin; President of the University of Wisconsin. (See page 6.)

''Distributing Food Products.''

E. M. Tousley, Minneapolis, Minnesota; Secretary, Right Relationship League. (See page 15.)

AFTERNOON SESSION—APRIL 8, 1913.

George McKerrow, Madison, Wisconsin; Superintendent, State Farmers' Institute, Presiding Officer.

''Educational Aids to Organization.''

Henry J. Waters, Manhattan, Kansas; President, Kansas Agricultural College. (See page 23.)

''Educational Aids to the Marketing of Farm Products.''

Sidney E. Mezes, Austin, Texas; President, University of Texas. (See page 28.)

''Beef Growers' Organization in Iowa.''

Rex Beresford, Ames, Iowa; Specialist, Iowa Beef Producers' Association. (See page 31.)

''Dairy Organization.''

Ed. H. Webster, Fort Atkinson, Wisconsin; Associate Editor, Hoard's Dairyman. (See page 34.)

''Organization of Cotton Growers.''

E. W. Kirkpatrick, McKinney, Texas; Former President, Texas Farmers' Congress. (See page 36.)

''Farmers' Selling Agencies.''

Lloyd S. Tenny, Ithaca, New York; Bureau of Plant Industry, Division of Farm Management, United States Department of Agriculture. (See page 39.)

''A Plan to Sell the Cotton Crops.''

W. B. Yeary, Dallas, Texas; Vice-president, Southern States' Cotton Corporation. (See page 45.)

''Grain Marketing Problems.''

M. R. Myers, Chicago, Illinois; Editor, American Co-operative Journal. (See page 54.)

"Selling Dairy Products."

N. P. Hull, Dimondale, Michigan; Secretary, National Dairy Union. (See page 57.)

MORNING SESSION—APRIL 9, 1913.

J. H. Worst, Fargo, North Dakota; President, North Dakota Agricultural College, Presiding Officer.

"The Arkansas Plan of Marketing Farm Products."

H. S. Mobley, Fayetteville, Arkansas; President, Arkansas Farmers' Union. (See page 60.)

"Relations of the Government, Agriculture and the Railroads and Their Bearing upon Better Marketing."

B. F. Yoakum, New York City; Chairman, Board of Directors, Frisco Lines. (See page 68.)

"Railroad Aids to Marketing Farm Products."

W. R. Beattie, St. Louis, Missouri; Agricultural Commissioner, Cotton Belt Lines. (See page 78.)

LUNCHEON AND ROUNDTABLE—APRIL 9, 1913.

Harry Pratt Judson, Chicago, Illinois; President, University of Chicago, Presiding Officer.

"Why the Farmer Is Not Effectively Organized."

SPEAKERS.

(1) C. W. Thompson, St. Paul, Minnesota; Director, Bureau of Research in Agricultural Economics, University of Minnesota. (See page 85.)

(2) Hugh G. Van Pelt, Waterloo, Iowa; Editor, Kimball's Dairy Farmer. (See page 88.)

(3) Zeferino Dominguez, Mexico City, Mexico. (See page 92.)

(4) J. H. Page, Little Rock, Arkansas; State Commissioner of Agriculture of Arkansas. (See page 94.)

(5) Louis D. Sweet, Carbondale, Colorado; Farmer and Financier, Denver Chamber of Commerce. (See page 96.)

(6) G. I. Christie, Lafayette, Indiana; Superintendent, Extension Division, Purdue University. (See page 98.)

(7) S. A. Lindsey, Tyler, Texas; Chairman, Texas Welfare Commission. (See page 101.)

AFTERNOON SESSION—APRIL 9, 1913.

J. H. Connell, Stillwater, Oklahoma; President, A. and M. College of Oklahoma, Presiding Officer.

"Cooperation Is Conservation."

S. R. McKelvie, Lincoln, Nebraska; Lieutenant Governor of Nebraska. (See page 108.)

"Marketing Farm Products."

W. J. Spillman, Washington, D. C.; Special Representative of Secretary David F. Houston, United States Department of Agriculture. (See page 109.)

EVENING SESSION—APRIL 9, 1913.

George McKerrow, Madison, Wisconsin; Superintendent, State Farmers' Institute, Presiding Officer.

"The Work of Farmers' Organizations in Relation to Marketing."
  "The Farmers' Union."
    Peter Radford, Fort Worth, Texas; President, Texas Farmers' Union. (See page 121.)
  "The Grange."
    Oliver Wilson, Peoria, Illinois; Master, National Grange. (See page 124.)
  "The American Society of Equity."
    M. Wes. Tubbs, Madison, Wisconsin; Secretary, Wisconsin State Organization, American Society of Equity. (See page 127.)
  "Chicago Milk Producers' Association."
    Albert E. Jack, Chicago, Illinois; Secretary, Chicago Milk Producers' Association. (See page 128.)
  "Solving the Marketing Problem."
    L. C. Hill, Houston, Texas; Horticultural Agent, Santa Fe Lines. (See page 140.)

MORNING SESSION—APRIL 10, 1913.

W. G. Edens, Chicago, Illinois, President Illinois Highway Improvement Association, Presiding Officer.

"Financing the Farmer."
  W. G. Edens. (See page 150.)
"Cooperative Finance for American Farmers."
  Herbert Myrick, Springfield, Massachusetts; President, Orange Judd Weekly Farm Papers. (See page 152.)
"European Farm Finance."
  George Woodruff, Joliet, Illinois; President, First National Bank of Joliet, Illinois. (See page 163.)

AFTERNOON SESSION—APRIL 10, 1913.

W. G. Edens, Chicago, Illinois; President Illinois Highway Improvement Association, Presiding Officer.

"Improving Farm Credits in America."
  B. F. Harris, Champaign, Illinois; Former President, Illinois Bankers' Association. (See page 178.)
"Improving Farm Credits in America."
  Homer C. Price, Columbus, Ohio; Dean, College of Agriculture, Ohio State University. (See page 191.)
"Cooperation among Jewish Farmers."
  George W. Simon, Chicago, Illinois; Western Representative, American Jewish Agricultural Aid Society. (See page 198.)
"American Commission to Study European Farm Finance."
  Clarence J. Owens, Washington, D. C.; Managing Director, Southern Commercial Congress. (See page 205.)
"Organization of Land Credit in Germany."
  Gerard M. J. Badow, Chicago, Illinois; Financial Correspondent. (See page 209.)

FIRST NATIONAL CONFERENCE

ON

Marketing and Farm Credits

HELD AT

HOTEL SHERMAN, CHICAGO, ILLINOIS,
APRIL 8, 9 and 10, 1913.

MORNING SESSION, APRIL 8, 1913.

COOPERATION THE KEYNOTE.

Mr. H. A. Wheeler of Chicago, president of the Associated Chambers of Commerce of the United States, called the meeting to order, and addressed the conference as follows:

Mr. Wheeler: In accepting the invitation to call this conference to order, and, figuratively, to press the button which will start in motion a great national movement for the improvement of marketing methods and the consideration of farm credits, I accepted—not as a citizen of Chicago, notwithstanding the fact that Chicago above all cities in the country is the most profoundly interested in the subjects which you are to discuss—but rather as president of the Chambers of Commerce of the United States of America, an organization which today truly represents the commercial and industrial elements of this country, and in recognition of the fact that there is an interdependence between the industrial and agricultural—between those things represented by the chamber of commerce and those things which you are to discuss and represent here in the conference—so close as to compel the keenest interest in the affairs of one over the other and the keenest and most enthusiastic presentation in whatever appertains to the welfare of either of these factors.

We are living in a day of kaleidoscopic changes. A man must needs be of nimble mind if he keep pace with the constant shifting of conditions which bring about those economical changes with which we have been so familiar in the last few years, which must continue in the years that are close pressing upon us, and one of which you are to consider in this meeting.

Our prairies, our valleys and our uplands are becoming more and more productive, owing to the scientific methods that are being introduced, the study of the soil, and intensive cultivation. Yet of what value is intensive farming if markets are not available? Of what value is intensive farming if, with markets available, they are of such a character only at a price that they yield no profit to the producer?

You have in his conference, upon which you are entering, one of the most important of the economic problems of our day. To bring about concerted action and cooperation that will be of a permanent character, between the widely scattered units of production is a very difficult task; but to create a comprehensive and practical system of marketing that will be productive of good to the producer and at the same time will keep in full recognition the rights and the needs of the consumer, is, to my mind, a task that will test the wisdom of this conference more than any other which you may have to consider. For, be assured, if any program or plan or method that may be adopted by this body or approved by it, should have for its end the raising of the profit to the producer without due consideration of the struggle for life of the masses and of the need that the products of the soil shall be handed to the people who must use them at the lowest consistent price, such action on your part will not be commended by the Nation and will find no sympathy and no acceptance in the Nation at large, nor will it react other than as a detriment to the interests which you represent.

There must be found a fair, middle ground upon which to stand. Consistent profits are legitimate and should be safeguarded by every possible means. You have that to look out for and you have your markets to look out for; but the tendency of the times today, gentlemen, is toward that combination which, while giving reasonable profits to the producer, nevertheless shall give to the consumer that which he must have at the lowest price.

Now, owing, I think, very largely to the difference of environment, there has existed a gulf between what is known as the commercial interests of the country represented by industrial production and by the distribution of manufactured products, and those interests, so largely represented in this country by the agricultural interests, which, over on the other side, seem not to have been wholly in sympathy with the industrial developments of the country.

Strange it is that there should be, or should ever have been, a gulf between these two wealth-producing factors. As a matter of fact, industry and industrial prosperity are absolutely based upon agricultural prosperity. It is possible that with a depression in our industries, your farm products will suffer with respect to value and your farm lands will suffer with respect to value, should that depression be long continued; but, over on the other side is the unquestioned fact that if there is a depression in agricultural prosperity, there is an immediate effect upon the industrial prosperity of the country.

These two interests are absolutely inseparable. There can be no agricultural prosperity of a permanent character, except it be founded upon an industrial prosperity of like degree, and there can be no industrial prosperity of a permanent character unless underlying it is a like prosperity among the agricultural interests of our country.

That is the reason I am here. The Chamber of Commerce of the United States of America, in the very first of its sessions expressed these as its principles, and from the very beginning of its life, has sought to hold out a helping hand and a participating hand in every movement which shall be for the betterment of agricultural conditions. It seeks to lend its aid wherever by legislation or by its assistance in matters of policy or expediency or precedent or the establishment of new precedents, it may, by such aid, be of assistance in building up our agricultural supremacy and our agricultural prosperity. That is its program, that will be a part of its work, and in that we are glad to participate with you in this movement.

Now, many men over this country, have devoted years of their lives and much of their private fortunes, to the study of agricultural methods, marketing and producing. Out of all of these men, as far as I can read from the history of their lives, I find none who, more unselfishly and with a greater, more continued purpose and clearness of vision, has devoted himself to the development of agricultural interests than the gentleman who is to be your presiding officer. He is not a farmer, though he is deeply interested in the development of farm life. He has held an office as mayor of a great city. He has shown by his life and its activities in his territory, a deep interest in people, whether they be the people of city or people of town or people of the farm. His life has largely been spent in the development of those things which make for better conditions wherever he has found a point of contact, whether it be in city life or in country life. A man who loves people; a man who recognizes the desirability and the necessity of the construction of cities and yet I doubt not deep down in his heart begrudges every acre of ground debased to city squalor or city streets, seeing there the possibility of the blossoming into a garden or into a fertile field that may feed the hungry, and yet a man who does not look at one side of life, but through the breadth of his vision and his pity, has been able to take into his heart both those sorts of our life which relate to the city and those which relate to the urban districts.

It is a great pleasure, gentlemen, to present to you the man of whom I have spoken, and whom you know better than I, as representing all of the qualities of which I have told you and many more, of which there is not time to speak. I beg to present to you to preside over this conference, Colonel Frank P. Holland of Dallas, Texas, president of the Associated Farm Papers.

COL. HOLLAND: I appreciate greatly the fact that the organization, of which Mr. Wheeler is head, has taken such a deep interest in this meeting, and that he is present with us to assure us of their cooperation. Those who called this meeting, the Associated Farm Papers, later joined by the Orange Judd publications, believed that the maximum prosperity could not be obtained in this country unless we found a more comprehensive and a more economic marketing and distributing system for the products that must go from the farm to the market. It is not the belief of those who made this call that this meeting will evolve at this time a complete and final solution of this problem, nor that a panacea in the dough ready for the baking oven, will come out and be handed to you; but we do believe from the strong men who meet with us and the committees in the committee room, will come some plan that can be improved from time to time whereby we can prevent, in a large measure, the operation of a national waste of our natural products. From the best information that it has been possible to obtain, we are confident, in fact, we are sure, that more than 100,000 carloads of product went to waste, or rotted in the fields last year. We do not believe that this was because of over-production, but we believe that it was for lack of proper distribution and marketing facilities.

As the gentleman said, no plan would be complete that would not take into consideration the consumer. It is our belief that there are products enough raised every year to feed every hungry mouth, and to fill every hungering stomach in the land, but it does no good to raise them to waste in the fields.

This meeting has been called with a view of awakening interest and evolving some plan that will better conditions, not only for the producer, but will take into consideration equally the rights and necessities of the consumer. Unless we do that we could not have an equitable market plan.

The trouble so far as it has been explained by those who have studied this question closely, is that the line between the consumer and the producer is too long. The cost is too great. If we can shorten that line and give to the producer only a fair profit—that is all we are asking—if we can help to get these products into the hands of the consumer at a price that he can pay for them, and at the same time leave a small profit for the producer, we will have accomplished what we are here for.

It is not my intention to burden you with a long address on this subject. I think there are possibly about 60,000 organizations in this country who are trying to solve this problem. Since I have been here during the last three months trying to get this conference together, I have found as many as a million people who know how to solve it; but I assure you I am not going to put them on any committee. I am looking for men who are willing to admit that this question is open for study and not for men who already know all about it and exactly how to solve it, because I haven't any confidence in any man who will say that he can solve a problem of that kind. But we have gotten together here the strong men of this country, men who are working upon the subject, and giving it constant study, men who will eventually bring about some method whereby we can stop this national waste and bring greater prosperity to every human being in this country.

I do not believe that it would be wise on the part of this conference to make war on any individual or combination of individuals. These individuals are attending to their own business and it should be the mission of those here to attend to our own business. If in shortening this line, it is necessary to remove obstacles, they should be removed, not with vindictiveness toward any man or set of men, but with a view of doing everybody as much good as possible and as little harm to everybody as it is necessary to do in order to accomplish our purpose.

We have with us a gentleman who has given more time and thought to the study of this problem than possibly any other man in the United States; a man whose opinion has been and is recognized as valuable, and possibly more valuable than that of any other man in this country; a man who has done as much as any single individual could possibly accomplish and who is at the head of one of the greatest institutions in this country, where he has also done a great deal of work along these lines. He has not only tried to tell the farmer how to produce more and at the least possible expense in labor and money, but he has also recognized that the marketing problem is a very great problem, and if our agriculture is to be a successful agriculture, that problem must be solved, and that without successful agriculture no other business can be successful.

It is my pleasure now to introduce to you Dr. Charles R. Van Hise of Madison, Wisconsin, president of the University of Wisconsin.

DR. VAN HISE: I cannot allow to pass without disclaimer the very complimentary and well meant words of the chairman, but I am afraid he has been guilty of some exaggeration. It is true that I have given some attention to the question of cooperation and its relation to agriculture, but I can claim no special investigation, or no peculiar knowledge in regard to the subject which has been assigned me, a subject which I should hardly have been willing to speak upon had it not been by request of the committee.

The ideas which I shall present I have derived from various sources. I have been somewhat familiar with the discussions which have been going on in this country, the discussions which have been going on in Europe, the investigations which have been made by the board of public affairs in Wisconsin and also have had information from various private sources, all of which information I have drawn upon, so I can claim really none of them as my own special discovery.

WASTE IN DISTRIBUTION.

CHARLES R. VAN HISE.

President University of Wisconsin.

For farm products the waste in distribution is admitted by every one to be large. There can be no question that the waste in distribution for agricultural products is far greater than for manufactured products and for the country as a whole is to be reckoned each year in hundreds of millions of dollars. This is partly a consequence of the relatively perishable nature of many of the farm products.

Just as there is a difference in the amount of waste in distribution of farm and manufactured products, so there is very great difference in this respect among farm products themselves. For the relatively permanent products of the farm, which need not be disposed of at a given time or may even be held a year, the wastes are far less than for the more perishable products. Therefore the unnecessary wastes in distribution for wheat and corn and cotton, are relatively very much less than for the more perishable products. Here are included vegetables and fruits. Also for these products there are great variations in the amounts of waste. Potatoes must be marketed before early spring, else they are a total loss; but there are several months available for marketing and distribution. In the same position as potatoes are the more stable fruits, such as apples and oranges. But the less stable fruits, such as berries, must be used within two or three days from the time they are taken from the farm. This fact greatly limits their radius of distribution and therefore of available markets. Indeed some fruits are so perishable that they will not stand shipment any great distance even with modern refrigerator facilities.

The perishable nature of fruits and vegetables, combined with the great fluctuations in the acreage from year to year and in the production of the same acreages in different years results in a fluctuation of price for vegetables and fruits even of the more stable kind, such as is not paralleled by any other articles of commerce. The fluctuation in the prices of the same product in the same year at wholesale rates may be from 100 to more than 400 per cent.

This large fluctuation is one of the factors which tend to make the retail cost of perishable goods very high. When wholesale prices go up, retail prices are promptly advanced. When wholesale prices fall, by informal understanding, the retail prices are frequently held at the old rates; or if not, they lag greatly behind the falling wholesale prices. This is one of the circumstances which cause a wide margin between the price the farmer receives and that the consumer pays.

Under any system of distribution there will be a certain percentage of loss for perishable articles; and this fact results in a wider margin between the two than would otherwise be the case. However, when we consider the very wide margin which now often exists, it is evident that the cost of distribution is excessive.

I have no doubt that many delegates to this conference could furnish illustrative instances from their own locality. Therefore I confine my statements to type cases.

For some of the relatively permanent products the margin between the producer and the consumer can be diminished by only a moderate amount. For instance, in the case of cheese, which, according to Professor H. C. Taylor, may bring the farmers in Wisconsin 11 to 13 cents a pound, may sell in the South and West in different seasons of the year from 20 to 25 and even 30 cents a pound. There is an average margin of about 10 cents between the Wisconsin prices and the retail prices. This amount covers paraffining, storage, profits of the original buyer, the wholesaler, the retailer, and transportation. While perhaps the service performed by these agencies cannot be secured by other means at a greatly reduced cost, it may be possible by proper methods to reduce the margin by two or three cents per pound; and even if this were done it would mean an increased income to the farmers of 20 per cent or more and a much larger percentage of profit above the actual cost to them.

With vegetables and fruits the situation is very different. Governor Francis E. McGovern in a recent message to the legislature of Wisconsin mentioned the fact that at one time when the farmers were selling potatoes for 30 cents a bushel at the railway station in Waupaca county, the consumers in the city of Milwaukee were paying 85 cents a bushel. The expense of shipping was 6½ cents a bushel. This made the amount which went to the dealers between the producer and the consumer 48½ cents, or a margin of 133 per cent above cost. Governor McGovern gives as another instance that cabbages which when selling at $83 a ton at River Falls, Wisconsin, were selling at $300 a ton in Chicago. The freight between the two points was $3. Thus, the commission merchant and the retailer in Chicago received as a margin $217 a ton or 250 per cent beyond cost.

EXORBITANT PRICES AND UNFAIR DEALERS' PROFITS.

Last autumn a gentleman shipped a carload of apples from Missouri to Madison, Wisconsin, which he sold to the wholesaler at $1 per hundredweight, or 50 cents a bushel. The wholesaler to whom he disposed of the apples sold them at 75 cents a bushel and the retailer sold at $1.25 a bushel. The amount which the wholesaler and the retailer took at Madison was therefore 75 cents per bushel, or 150 per cent above the amount which the producer received for raising the crop and transporting same to Madison.

As another illustration, Mr. M. C. Anderson informs me that the last week of March of this year at Pittsburgh, he ''saw fancy radishes from Long Beach, Mississippi, selling in the produce yards by the barrel (about 15 dozen) at 10 cents per dozen bunches. At Pittsburgh Diamond market, 12 blocks away, they were retailing the same radishes two bunches for five cents, equal to 30 cents per dozen bunches.''

Thus the dealers received for their work 200 per cent of what the grower received for raising the radishes and paying the freight, icing charges, and commissions.

It may be remarked that at Madison, Wisconsin, at the same time, radishes were selling at eight cents per bunch, or more than three times what they were selling for at Pittsburgh. Presumably the radishes at both localities were from the same general region and the only additional cost to the Madison grocer was the slightly increased rate caused by the secondary distribution from Chicago and Milwaukee.

The above illustrations show how very large is the cost of distribution for many articles as compared with the amount received by the producer. The margin is certainly far too wide. It should be decreased to the mutual advantage of the producer and consumer. When for distribution there is a charge which varies from 100 to 300 per cent of that received by the consumer and sometimes more, it is obvious that a proper method of distribution can and must be derived to decrease these excessive amounts.

Not only are there great variations in price for fruit and vegetables through a season, but there are numerous variations within a short time, sometimes 100 per cent or more within a day. As an illustration of this I give another case furnished me by Mr. Anderson.

Mr. Anderson says that last summer in Philadelphia, in the morning he sold a carload of cucumbers from North Carolina to jobbers and wholesalers ''at $2.50 per hamper, with the exception of less than 50 hampers. About 11 o'clock of the same morning the Panhandle railroad pulled into the yards and had about eight cars of cucumbers on. Before two o'clock the same afternoon, hamper cucumbers were selling in the jobbing or wholesale way at $1.25 per hamper.''

This is a fall in price of one-half within a few hours.

With very perishable goods hundreds of instances of extreme wastefulness could be cited, in which the farmer not only has a total loss of his product, but freights to pay. Thus at various times there come into the markets of the Northern states a larger supply of melons or peaches than can be disposed of at the current prices. The retailers take advantage of the situation to purchase at a lower price from the commission merchants; but not infrequently they find it more profitable to them to maintain existing retail selling prices with smaller sales than to lower the price sufficiently to dispose of the additional material. Under such circumstances, carloads, and even shiploads, of fruit or melons may rot, when the people, and especially the people in less favorable financial condition would have been glad to have the products thus destroyed if they could have been obtained at a low price.

After a farmer has had an experience for any year like the above he stops shipping, and the remainder of the material rots in the field.

For instance, last summer this was the situation in Colorado with regard to cantaloupes. Vast quantities of splendid fruit were a total loss; and yet prices for cantaloupes at the various markets of the Middle West and East were high. At Madison, Wisconsin, the lowest rate at which good Colorado cantaloupes were selling was 10 cents each in lots of 10 or a dozen.

Every year furnishes many illustrations like the above; not only does this occur, but our distributing system is so bad that sometimes even the semipermanent vegetables are a total loss to the farmer because of a glut of a certain market. For instance, the April number of the World's Work tells of an instance where a farmer was advised by a commission merchant that the market for onions at Philadelphia was good. After making shipment, the farmer received the information that onions were arriving in such quantities that the market might break. When the farmer received his statement from the commission merchant, he found that his carload of onions had sold for enough to cover all charges except $9 of the freight and he was asked by the commission merchant to remit that amount. Says the farmer: "I still think he is an honest commission man if there ever was one; and I don't know that anyone was particularly to blame. But I do know that I furnished Philadelphia with a car load of good onions free and paid part of the freight; and I have no doubt that the other 20 cars that went in at the same time were furnished free; but I hope the other 20 farmers were not fools enough to pay the freight."

With satisfactory methods of distribution, situations like the above, which occur in numerous localities and for various products almost every year, would not exist. Certainly we must work out some method of distribution under which abundant crops will give larger returns to the farmers than small crops; yet the latter is now frequently the case for products which are perishable or semiperishable, and is sometimes true for the more permanent crops. This must cease to be true, else the principle of conservation which demands that we increase the productivity of the soil is wide of the mark.

COOPERATION THE GUIDING IDEA.

I understand it is the purpose of the conference to contribute to the solution of the problem of efficient distribution, but no more than general suggestions can be offered in an introductory address. We shall all doubtless agree that its solution rests about the word cooperation—cooperation of the producer, cooperation of the consumer, cooperation of the distributing agency with the producer and the consumer.

If this be conceded, one fundamental principle in connection with it should be understood at the outset. Cooperation involves surrender of independence. If two people agree to cooperate in regard to any matter, it means that each one of them surrenders some measure of his freedom. If 100 people agree to cooperate, it means that each one of them must largely surrender his independence in handling the matter in question. Cooperation means the rule of the majority and that every man who joins in the cooperation must abide by the conclusions reached. Not only so, but the business officials of an association must have delegated to them the necessary power to carry on the affairs of the cooperative society in the same efficient and authoritative way that do those of an ordinary corporation. Cooperation cannot possibly succeed if the officers do not have the proper authority and support.

This surrender of freedom is one of the broad principles which is frequently overlooked and is an especially difficult point in dealing with the American farmer. He prides himself upon his independence in production. He is confident of his business ability. He will decide for himself. But in order to have the cooperative movement succeed, the farmer must agree to circumscribe his liberty in many respects; and, furthermore, must live up to his agreement.

A second point requiring consideration is the relation of cooperation and combination. The idea of cooperation is everywhere hailed as a desirable thing for the farmer; and this is true at a time when there is equal denunciation of combinations of the kind commonly called trusts. But it should be fully understood that combination by the manufacturers is for the very same purposes that cooperation is designed to cover for for the farmers. The idea is the same in each case; the word is different. Why is it, then, that cooperation is hailed as a great advance step for the farmer at the same moment that combination in industry is assailed?

What are the purposes of combination? They are, limitation of output, division of the market so as to avoid cross freights, the maintenance of prices, the securing of transportation at reasonable rates. What are the purposes of cooperation? They are the division of the markets so as to avoid cross freights, the securing of transportation at reasonable rates, and the maintenance of prices; and those who are most enthusiastic for the cooperative movement have even advocated limitation of output.

Thus, while combination of manufacturers and cooperation of farmers have the same purposes, it should be pointed out that the danger to the consumers of cooperation for agricultural products is not nearly so great as is combination for manufactured products. In the first place, the producers of an agricultural product in the United States are so numerous and so widely distributed that there is not the possibility for combinations which extends to monopoly that there is among manufacturers. The independent producers of an agricultural product may number millions; and from this great number they grade to a few thousand for some products. The vast numbers of producers are widely distributed and it is not practicable for them to unite in limiting the total output. If one crop has been unprofitable one year, the farmer may turn to another the next year; but he cannot cease to utilize his improved land. Thus limitation of output as a whole is impracticable.

Again, one food product is in competition with another; and thus if the producer should attempt to push the price of one article too high the consumer will turn to others, and under these circumstances the product, if perishable, may go into the dump.

Even where agricultural cooperation has developed so as to become almost monopolistic and the consumers have not been taken into the cooperation, as in the case of citrus fruits and cranberries, the prices cannot become exorbitant; for, if so, the consumer will refuse to buy.

COOPERATION TO INCLUDE PRODUCER AND CONSUMER.

While, therefore, the dangers of cooperation among the farmers are not so great as they are among the manufacturers, the same principles apply and some of the same abuses may arise, if not guarded against. If the farmer could completely succeed in the purposes of cooperation and should wholly ignore the interests of the consumer, we should have the same outcry against the farmer that we have against the trusts. This should be fully understood at the beginning in order to avoid this danger. The way to do this is plain. The program for cooperation among the farmers should include also cooperation with the consumers. The program of those who are in favor of reducing waste in distribution should have the two-fold purpose of increasing the price to the producer and decreasing the price to the consumer.

There is little question that a system of distribution can be worked out which will accomplish this. Of course, such system will vary from place to place and be different for different commodities. As illustrating the possibilities, there may be formed in any center a cooperative association which is both a buyer and a seller. This cooperative association would consist of members who produce and members who consume and indeed many of such members would belong to both classes. The cooperative association would receive and sell the products of all of its members at the current prices. Such portion of the material as possible would be disposed of locally. The material which could not be handled in the local markets would be disposed of in other markets. The ordinary well known rules for successful cooperative societies should prevail, such as the limitation of dividends on the stock, one man one vote, etc.

It is realized that the above simple illustration by no means fully covers the situation. There has been a marked tendency in recent years for the production of agricultural material of a certain kind to be concentrated in certain districts, just as there has been in manufacture. This has been one of the results of the modern development of cheap transportation. Before the time of the railroad the products of any agricultural district were largely consumed in that district. Also each district aimed to product as many of the products there consumed as practicable. The export money crop was often a concentrated one which would bear expensive transportation charges. However, at the present time, the entire range of the United States, and for many products, European countries are available as a market for the output of a given locality. Thus the cheese of Wisconsin goes to all quarters of the United States and parts of Europe. The cotton of the South goes to the mills of the world.

In consequence of this situation, special cooperative associations are advisable for the marketing of the money crop or crops in a definite district; and such an organization may be exclusive rather than broadly inclusive. Illustration of materials which are at the present time being marketed by special cooperative associations, are cotton, grain, livestock, fruits, etc.; but even in those localities in which there are exclusive cooperative marketing associations, the farmers also market other products. Also the farmers are consumers as well as producers; and there is therefore the need of a cooperative association which buys other than the standard crops and which sells as well as buys in order to furnish the farmers their necessary supplies.

In some instances the works of the special and general associations may be merged, in others separate. Thus the work of buying and selling from the point of view of bettering the circumstances of the farmer may require that the cooperative buying and selling, shall be through a single association in some districts, in others through several associations; but the essential point should be insisted upon that the advantage of the cooperation should not be confined to the farmers alone, but should be shared by the consumers; that is, that the cooperative associations should permit membership of anyone who wishes to do business with the association. If this be done, the surplus of profits beyond the limited amount which goes to capital would be divided between the men who did business with the association in proportion to the business done, producer and consumer being exactly on a par in this respect. To illustrate: If the producer contributed $5000 worth of material, and the surplus which could be declared beyond the necessary reserve at the end of the year amounted to eight per cent, he would receive in addition to his original selling price $400. Similarly, the member who had purchased $1000 worth of goods would get a rebate of $80. If the same man did both of the above he would get $580 at the end of the year.

Non-members who did business with an association might be excluded from sharing in the profits of the cooperative enterprise; or on the other hand they might participate to a less extent; say 50 per cent. This latter is believed to be the better plan, since it would result in extending the business of the association and thus increasing the profits.

The method of cooperation above advocated has the great merit that all who have any relation with or necessity for the articles handled will be in favor of the success of the movement. The consumer shares in its benefits as well as the producer.

In order to complete the program of cooperation, it will be necessary to correlate with the above a system of rural credits and rural banking, but this part of the subject is to be considered by other speakers.

COOPERATION AND CONCENTRATION.

The largest of the great wastes of the distributing system for farmers' products and especially for the more perishable products is the minute subdivision of the grocery business. This point of view has been emphasized by Mr. M. C. Anderson, who regards this as the weakest link in the existing system of distribution. Many of the groceries, fruits and vegetables are carried as side issues. Besides the larger stores there are many small fruit and vegetable stores. The many retail shops result in great cost of the delivery, because there may go to a single street a half dozen or a dozen wagons, when one wagon could perfectly well have made the entire distribution for that street. Also there are numerous hucksters who give their entire time to selling a small quantity of a given commodity and the expense must be added in the price.

So long as the situation above outlined obtains, the cost of distribution will be excessive. Just as there has been concentration of certain agricultural products in definite districts, so there can be concentration in distribution; and this can be accomplished only through the cooperative society. The great savings of concentration in manufacture are well known. There is a possibility of equal or greater saving by a concentrated distribution of the products of the farm at any given center; but this can only be accomplished through cooperation of producer and consumer.

THE COOPERATIVE MOVEMENT AND THE ANTI-TRUST LAWS.

I have pointed out elsewhere that there exist almost everywhere in the United States at the present time, notwithstanding the national and state anti-trust laws, contracts and combinations in restraint of trade, either formal or informal, under which the same price is charged for the same article at a given point by all of those who handle it. Thus, for standard articles, it makes little difference from which dealer one buys at a given locality; the price is the same; and usually the price is too high and often is exorbitant.

This condition of cooperation widely exists not only among the manufacturers, but among the retailers. If the plan of cooperation advocated, which includes both producer and consumer, were substituted for the above, the evils would be abated in large measure, for in case the price proved to be excessive the producer and consumer would share in the resultant profits at the end of the year.

Therefore the cooperative movement proposed for the farmers would be in strong contrast with the great combinations which have existed and still exist among the manufacturers, the purposes of which have been to benefit the producers by levying the highest possible tribute upon the consumers. The amount of tribute which has been levied by the great combinations of industry during the past decade, as we well know, has been enormous. This is illustrated by the incredible profits of the Standard Oil company, the American Tobacco company, the United States Steel corporation, etc. If the cooperative movement among the farmers includes as its fundamental doctrine benefit to the consumer as well as benefit to the producer, the most dangerous rock in the channel of progress will be eliminated; and while there will be many other difficulties in clearing up the channel, it is believed that none of these will prove to be insuperable.

Working out methods of proper cooperation will require a consideration of the existing trust laws, national and state. The decisions of the United States supreme court, under the Sherman act, are very severe in regard to all contracts in restraint of trade. The same is true in regard to the decisions under the state anti-trust laws; indeed, in some of the states the decisions have been even more drastic than those of the United States supreme court.

But the members of the cooperative society, to be successful, must contract to sell all of their products through the society, or if not, to give the advantage to the society of any increase of price over that obtained through the regular channel.

An essential element in the success of the fruit growers' exchanges, perhaps the most successful of the cooperative societies, is that they are selling agencies for all their members, and rigid contracts require the members to dispose of their products through such agencies. Selling agencies of this kind for manufactured products have been declared to be illegal; indeed, the decisions under the Sherman act have uniformly held that selling exchanges and combinations, where the commerce was clearly interstate, which fix prices, divide territories, or limit output are illegal; and yet some of these things must be done if cooperative societies are successful. (See Concentration and Control, p. 179.)

Similar decisions have been rendered by many of the state courts under the state anti-trust laws. (See Concentration and Control, pp. 197-200.)

The fact that the anti-trust laws are in conflict with the necessary cooperation among the farmers has been recognized by the legislatures of a number of states; and in consequence cooperation among the farmers was excepted from the anti-trust acts. This is illustrated by laws passed in South Dakota, Illinois, Nebraska and Texas. These laws, however, have been declared unconstitutional by the federal courts under the principle that ''No state shall deny any person within its jurisdiction equal protection under the laws.''

It thus appears clear that to reduce the waste of distribution and successfully to introduce cooperation will require a modification of the existing anti-trust laws, national and state. The farmers cannot hope to claim for themselves the advantages of cooperation without permitting similar advantages to those engaged in other lines of industry.

It is true that the privileges of cooperation have been abused by the great concentrations of industry and they have not been abused by the farmers; but the remedy for the abuse in the case of the manufacturers consists not in prohibiting the advantages of cooperation but in prohibiting the evil practices which have arisen in connection with combinations.

Many of these practices justly deserve severe condemnation. They may be illustrated by espionage of the business of a competitor, by locally selling at a price far below cost of production to kill competition, by making false representations, by intimidation, etc. It is the existence of these practices which has in a large measure been the cause of the rising tide of indignation against many of the so-called trusts. However, the fact that these practices have existed is not a cause for prohibiting cooperation, but for destroying them. These practices can be destroyed, but the rising flood of the cooperative spirit, which is characteristic of this 20th century will, laws or no laws, sweep the country and eliminate the frightful wastes of the existing competitive systems, and at the same time keep free and open full opportunity for all.

Governor Francis E. McGovern, in a bill which he has sent to the Wisconsin legislature, would prohibit cooperation only when it unreasonably limits competition to the detriment of the people. Such an amendment to the anti-trust laws would meet the situation. In other words, he would permit reasonable cooperation by fair methods. With the privilege of cooperation will of necessity go public regulation where the market is controlled in consequence of the permitted cooperation. It is not the place here to indicate in detail the methods by which this may be accomplished; but if the principle be agreed to, there is no doubt that regulations may be worked out successfully to accomplish this end.

The experience of the past clearly indicated the general method of regulation. It is that of control through the administrative officer, whether a single one or a number. The majority of such administrative officials have been called commissioners. Through the administrative officials the pure food laws have been enforced; without them they would have been dead letters. Through the administrative commission the public utilities acts have been respected; without such officials they would have been useless. Similarly, the regulation of cooperation so as to make the same conform to reason and to compel fair practices must be accomplished through the administrative commission. (See Concentration and Control, a Solution of the Trust Problem in the United States, pp. 233-249.) This point of view I have fully developed elsewhere. For Wisconsin, Governor McGovern has proposed that a market commission be created for these purposes.

In conclusion, the key-words of the solution of the industrial situation of the farmer are cooperation among themselves, cooperation with the consumer for their mutual benefit, and this in order to eliminate the great wastes of the existing distributing system and thus secure efficiency.

DISTRIBUTING FOOD PRODUCTS.

E. M. Tousley,

Secretary, Right Relationship League.

Perhaps no one could possibly estimate or approximate in figures the enormous annual loss to the people of the United States through the lack of organization and cooperation. In a statement recently issued by the press it is said that ''of the two billion five hundred million dollars spent by the southern farmers for farm supplies, food clothing, etc., one billion dollars of this goes each year into the hands of all classes of middlemen, and that all told these farmers are out six billion one hundred sixty-three million dollars a year, much of which they might get if they controlled their own system of credit, marketing and buying.'' These figures are furnished by Prof. John Lee Coulter, expert special agent for agriculture in the census bureau.

The remedy proposed for most of the farmer's ills is organization, education and cooperation. It is proposed that he market his crops cooperatively, buy his goods in the same manner, and borrow his money from his own cooperative credit societies. Such a plan, it is contended, would harm no one and in the long run would benefit all classes. By thus adding to the farmer's income he will be enabled to spend more on the pleasant as well as on the useful things of life; to build better roads; double the market for manufactured goods, adding materially to the income of employees of city factories; and to maintain better schools and make country living generally pleasanter and more profitable.

If this estimated loss of six billion one hundred sixty-three million dollars a year to the farmers of the South alone is anywhere near accurate, what would the figures be could we have a similar estimate of the aggregate loss to all American farmers and to city consumers as well through the lack of organization, education and cooperation and just and economic methods of distribution?

One of our prominent northwestern bankers said recently, in a letter to one of our daily papers: ''It does no harm to assert again that successful agriculture is the absolute rock bottom basis and foundation upon which is reared the superstructure of all other business enterprises. Wander as far afield as you wish, you must ultimately return to the land as the fountain from which gushes the stream of business prosperity.

''Every other business enterprise of any magnitude in the country has well defined and well regulated sources for a supply of credit. It is the largest business in the world which has an ill-regulated, fitful, unscientific, hand-to-mouth method of obtaining the money necessary to its best development. Let us put our minds on the proposition. It is worth our while. The cotton planter, the live stock farmer, the dairyman, the truck gardener, the cereal grower, the orchardist, and all agricultural producers are entitled in proportion to their net worth to just as much money and at just as low a rate of interest as the multimillionaire with his government bonds as collateral. If agriculture were to cease, there would be no millionaires and government bonds would not be worth the paper on which engraved.

''The most important business confronting our national and state legislators is providing a proper amount of credit supply at low rates of interest to American agriculturists.

''If this great Nation, with its great wealth, its wonderfully high and complex civilization, is going to advance as it has hitherto advanced, the American farmer must have better credit supplies at lower rates than he has been getting.

''There are no two ways about it. There is only one way and that way is for legislators to make the necessary credit provision. Hedge it about with all necessary safeguards, but make it so certain and at such low rates that the producing American farmer can extend his operations, his production and his profit.''

NECESSITY OF LEGISLATING MOST CAREFULLY.

Our law-makers must also immediately be brought to see the necessity for the passage of other statutes which will both encourage and safeguard cooperative action along business lines as it is understood in the world-wide movement of today. Hon. Francis E. McGovern, governor of Wisconsin, in a special message to his state legislature, under date of March 17, 1913, calls attention to the necessity of such laws. He says:

''The problem is a large and vital one. The establishment of cooperative marketing societies and the enlargement of agricultural credit along lines now familiar in almost every country of Europe are recommended in my regular message as means whereby it may be at least partially solved. One reason why farmers have fallen behind merchants and manufacturers in economic progress is that there has been little coordination of effort or concert of action among them. In the purchase of things needed on the farm country people have clung to the primitive idea of each one buying for himself, although in almost every case those who supplied them were combined into great industrial trusts. Thus farmers invariably paid top prices, frequently for very inferior merchandise.''

In summing up needed legislation, he says: ''Finally, the creation of cooperative associations chiefly as outlined in Chapters 368 and 664 of the Laws of 1911 are authorized. This was a necessary first step in the right direction; but it does not appear that in drafting these statutes account was taken of any existing prohibition against trusts and contracts in restraint of trade.

''So far as these laws are intended to destroy monopoly and to prevent the making of contracts in unreasonable restraint of trade they should be strengthened and improved. But they are merely prohibitory and therefore negative in effect. Something more is needed. The people of Wisconsin are entitled to know not only what industrial arrangements are forbidden by law, but also what contracts and associations are legally permissible or commendable; and they should be assisted in every possible way to avoid the one and to promote the other. The law moreover must be general. * * * So it will not do merely to pass a statute defining the substantive law applicable to this important subject and trust to private individuals when injured by its infractions to enforce its penalties. A suitable administrative board should be created—an economic betterment or market commission, if you please—to have jurisdiction of all matters pertaining to the relation of producer and consumer in somewhat the same way the industrial commission deals with everything affecting the relation of employer and workman and the railroad commission everything involving the relation of shipper and common carrier.''

Thinking men everywhere are beginning seriously to consider the problem of food distribution by reason of the trend of population to the large cities in recent years. City people are apt to think only of their own ills in relation to the high cost of living, without taking into proper consideration the causes of those ills. The problem of economic living in cities is irrevocably tied up with better farming, better rural conditions generally and proper and efficient systems of transportation and distribution.

The question divides itself into four general heads:

First: Marketing of agricultural products at primary points.
Second: Transportation.
Third: Wholesaling.
Fourth: Retailing.

With the exception of proper and economic methods of financing such operations, these four general heads make up the entire machinery of distribution. If betterments are to be made and the cost of living of city consumers reduced, an exhaustive analysis of conditions and systems by which these different steps in distribution are now financed and carried on is necessary.

MARKETING OF AGRICULTURAL PRODUCTS AT PRIMARY POINTS.

At the request of a professor of agricultural economics in one of our state universities, I wrote him of the necessity for organization and cooperation for the improvement of methods of marketing farm products at primary points and advocated the standardization of such products for advantageous marketing, and further said:

''I think you realize the fact that no large organizations of consumers can be organized and operated in the cities with a high degree of success until such organizations can know exactly where to order this, that and the other farm product in accordance with some uniform standard.

''Some authority in each state, or better still some federal authority, should establish and describe a standard for each of the following Northwestern states farm products, assuming that grain, hay and their byproducts are already standardized:

Apples and fruits
Butter, dairy
Beets
Beans
Berries, all kinds
Cornmeal
Cabbage
Celery
Cheese
Carrots
Eggs
Flour
Garden truck
Hog products, fresh
Hog products, salt
Honey
Lard
Milk
Onions
Poultry
Potatoes
Peas
Rice
Rutabagas
Rabbits
Turnips

''After a standard has been fixed by some proper authority, the only way to teach the farmers to put the system into practical use is by organization for the raising of standardized products in various communities or in dividing a community into different sections, letting each section devote its principal attention to the raising of a certain product, always keeping the standard of such product in mind. By the right kind of organization the farmers' association can hire its expert to grade the various products brought to its warehouse, and see that pacakges of the right shape, size and standard are used, properly packed and properly marked, and then see that the goods are shipped to a market which is not already overstocked.

''By the inauguration of such a system, in the opinion of the writer, the farmers could add to their annual income at least 10 per cent, and when a sufficient number of consumers' organizations in the cities are formed to absorb the standard product a like saving can be made by the consumers, thus benefiting both producer and consumer to this extent, and possibly much more. Until such standardization is effected the present waste will continue.''

The secret of a very large part of the farmer's loss, resulting in enormous profits to middlemen, is in the utter lack of standardization of farm products. When he ships the farmer imagines his product is all first grade and accordingly expects to receive the highest market price. When received in the terminal markets it is there standardized by the receiver and the bulk of it, perhaps, thrown into the second, third or fourth grade, thus materially reducing the value to the producer, while the middleman sees to it that the consumer pays the highest price for each product he buys, in accordance with its quality. The farmer himself is to blame for these conditions.

TRANSPORTATION.

Mr. B. F. Yoakum, chairman of the board of directors of the St. Louis & San Francisco railroad, has written some very enlightening articles in The World's Work and elsewhere on ''The High Cost of Farming'' and ''The High Cost of Railroading.'' In his analysis we are told that of each dollar paid by the consumer the farmer receives 46 cents, the railroads 7 cents, the other 47 cents going into competitive waste or the pockets of middlemen. It would seem from this analysis that a very small part of the blame for high cost can be saddled upon the railroads generally. There are exceptions to all rules, of course.

After the transportation agencies have delivered the products of the farm and factory at their proper destination, the key to the entire problem of the economic distribution of food products lies in the methods employed in the wholesaling and retailing of such products to the consumer. We are all more or less familiar with our systems of wholesaling. In country produce and live stock there are independent buyers at primary points who ship to commission men. The commission men sell a portion of the product to retailers and a portion to other commission men or jobbers, and the jobbers to the retailer, and so on to the consumer. In manufactured articles the factory must buy its raw material in the primary market. This passes through the manufacturing process, sometimes through the hands of several different factories, with commission brokers intervening; from the finishing mill to the big broker or jobber; from him to the local wholesaler; from him to the retail store, and from there to the homes of the consumers. Thus it will be seen that anywhere from three to six or more middlemen intervene between the actual producer and consumer.

The remedy is more easily stated than applied. Those who have made any investigation whatever of the British system of cooperative production and distribution through cooperatively owned wholesale and retail stores know that the remedy lies in the assumption of responsibility by the producers and consumers of the ownership and economical operation of the machinery of distribution, namely, the factory and the wholesale and retail stores. Only by the building up of such a system in this country will the people be enabled to do away with the enormous wastes of the competitive and middleman system and be in position to transact their own business for service instead of for profit, and in the most economic way.

The era of cooperation is at hand. Nothing else will save mankind from the selfishness, immorality and the extent of the misery it suffers from. Nothing else will prevent a repetition of the decline and fall of nations, of which history is full. Let us blindly close our eyes to the facts as we will, it is nevertheless true that only by the sort of equal opportunity and equality and social and business education and making over which cooperation affords can the foundation be laid for an understanding of practical equality and the possibility of democracy in all the joint affairs of human life. The cooperative system is not created, but built up. It is economical and it increases production because each is distinctly interested. It makes equality of incomes and living conditions in proportion to the industry and intelligence of each in doing his trading under equal conditions.

The trusts, syndicates and combines have demonstrated the efficiency and economy of cooperation, but have selfishly converted to their own use all of its benefits. Competition can no longer be considered the life of trade. On the contrary, cooperation is not only the life of trade but is the very life of our national existence itself; but it must be unselfish, equitable cooperation. Are the people ready to assume their proper share of responsibility in this great making over of our economic system and national life, or must we have another century of concentration of wealth in the hands of a few, unless perchance a greater calamity shall sooner overtake us?

The reasons for and benefits of cooperative organizations among both producers and consumers are well known and conceded by every thinking man. Every issue of every live, progressive periodical teems with the presentation of these reasons and benefits. The great practical question now confronting the people everywhere is how to organize effectively, quickly and permanently.

Fortunately we do not lack examples of successful cooperative plans and methods. Through agricultural cooperative organizations many European countries have been practically made over, economically, within the past 20 or 30 years, notably Denmark, Germany, Ireland, etc. Both the history of this making-over and details of organization and the application of practical methods is given in detail in books and pamphlets at our command. As to the distributive cooperative movement of Great Britain, usually called the ''Rochdale plan,'' all details of organization are also at hand. When the British workingmen can build up a cooperative system in the course of one man's lifetime, amounting to an annual turn over of the enormous sum of $600,000,000.00 (six hundred million dollars), starting with nothing, the American people cannot afford to belittle or ignore these methods in their strenuous attempt to evade or reduce the present high cost of living.

Cooperative organizations in the United States already have a good start, and sentiment for cooperative action in this country has never before been so widespread and so insistent as at the present time. (Banks and Trust Co.'s, Penn. S. C. judge.) I need not take your time to enumerate the cooperative movements representing thousands of creameries, cheese factories, elevators, live stock shipping associations, farmers' warehouses, fruit associations, stores, etc. Notwithstanding the lack of coordination among these movements in the past, action is now being taken to form a federation of these movements to be known as the American Cooperative federation, and when completed and in working order this federation will undoubtedly be of untold benefit to the cooperative movement of America and mark a new era in its economic history.

In closing I would cite a concrete illustration of economies in living expense where distribution of food products is administered from the standpoint of service rather than profit. One of our prominent congressmen recently wrote me from Washington: ''I have just returned from a trip to Panama. While there I had an opportunity to investigate the workings of the system of distribution employed by the commissary department. I have not yet had opportunity to collect and collate the figures so as to make possible a comparison with the system of distribution employed by cooperative enterprises, but such information as I have leads inevitably to the conclusion that the system employed has resulted in a very large saving to the employes. In fact, I am told that cost of living in the Canal zone is about 20 per cent less than in most localities in the states.''

Thus it will be seen that the solving of the problem of the economic distribution of food and the reduction of the cost of living, as well as the establishment of a more just and equitable business system, and the inculcation of business ethics and the spirit of brotherhood in the minds of all, lies with the people themselves through organization, education and cooperation.

Judge Ed. R. Kone of Texas offered the following resolution, which was duly seconded:

Resolved, That the president of this body appoint a committee of five to consider all documents and conduct such hearings and make such investigations as may be necessary to enable them to formulate and report back to this body at the earliest practicable moment, a plan or plans for marketing farm products and organizing a system of farm credits in the several states, including warehousing products; loans to farmers; baling and packing, and cooperative selling in such a way as to avoid glutting markets, and as to secure full market value for what farmers raise; and that the plan or plans, so reported, be considered section by section by this body.

Mr. George McKerrow of Wisconsin offered as an amendment to the above that the chair appoint a committee of five for the purpose of nominating permanent committees to work on the various lines of work to be taken up by this conference. (Seconded.)

Said amendment, being accepted by the original mover and his second on the understanding that Chairman Frank P. Holland be one of the said committee, was adopted by the meeting, and the following named gentlemen were designated by the chair to act upon the committee: Mr. George McKerrow of Wisconsin, T. D. Harman of Pennsylvania, Ed. R. Kone of Texas, N. P. Hull of Michigan, W. D. Foster of Massachusetts and Frank P. Holland of Texas.

AFTERNOON SESSION, TUESDAY, APRIL 8, 1913.

Colonel Holland in the chair.

The first business of the afternoon was the bringing in of the report of the committee on nomination of permanent committees of the First National Conference on Marketing and Farm Credits. A few additions and corrections were suggested, each of which was accepted by the committee, and the report as finally unanimously adopted was as follows:

REPORT OF COMMITTEE ON THE NOMINATION OF PERMANENT COMMITTEES OF THE FIRST NATIONAL CONFERENCE ON MARKETING AND FARM CREDITS.

To Colonel Frank P. Holland, Chairman:

Your committee on the Nomination of Permanent Committees of the First National Conference on Marketing and Farm Credits, beg to submit this Report:

COMMITTEE ON CREDENTIALS.

Ben F. Biliter, Chairman, President, Farmers' Guide, Huntington, Ind.
S. J. Verhalen, Manager, Standard Orchard Co., Scottsville, Tex.
Clarence A. Shamel, Editor, Orange Judd Farmer, Chicago, Ill.
H. E. Young, Editor, The Farmers' Review, Chicago, Ill.
E. S. Bayard, Editor, National Stockman and Farmer, Pittsburgh, Pa.
L. S. Herron, Editor, Nebraska Farmer, Lincoln, Nebr.
E. H. Favor, Hort. Editor, Fruit Growers' Exchange, St. Joseph, Mo.
Alson Secor, Editor, Successful Farming, Des Moines, Iowa.
M. R. Myers, Editor, American Co-Operative Journal, Chicago, Ill.

COMMITTEE ON DISTRIBUTION.

Charles R. Van Hise, Chairman, President University of Wisconsin, Madison, Wis.
Eugene D. Funk, President National Corn Growers' Association, Bloomington, Ill.

Charles McCarthy, Director Leg. Ref. Bureau of Wisconsin, Madison, Wis.

L. S. Tenny, U. S. Bureau of Farm Management, Ithaca, N. Y.

W. B. Yeary, President Texas Cotton Growers' Association, Dallas, Tex.

N. P. Hull, Secretary National Dairy Union, Dimondale, Mich.

H. J. Waters, President Kansas Agricultural College, Manhattan, Kan.

Laurenz Greene, Iowa State Horticultural Association, Ames, Iowa.

Peter Radford, President Farmers' Union of Texas, Ft. Worth, Tex.

COMMITTEE ON ORGANIZATION.

Dr. J. H. Connell, Chairman, President A. & M. College of Oklahoma, Stillwater, Okla.

S. A. Lindsey, Texas Farm Life Commission, Tyler, Tex.

Thomas Cooper, Managing Director Better Farming, Association of Dakota, Fargo, N. D.

Wm. Campbell, Manager Virginia's Farm Exchange, Charleston, W. Va.

E. G. Dunn, Mason City, Iowa.

George McKerrow, Superintendent Farmers' Institutes of Wisconsin, Madison, Wis.

John C. Ketcham, Master Michigan State Grange, Hastings, Mich.

E. M. Tousley, Director Right Relationship League, Minneapolis, Minn.

J. L. DuCharme, Vice-President Southern Rice Growers' Association, Carlisle, Ark.

COMMITTEE ON FARM CREDITS.

Charles Wm. Burkett, Chairman, Editor American Agriculturist, New York, N. Y.

R. Ingalls, Financial Editor ''Business America,'' New York, N. Y.

H. C. Price, Dean Ohio Agricultural College, Columbus, Ohio.

Frank I. Mann, Prominent Farmer, Illinois Farmers' Institute, Gilman, Ill.

J. C. Caldwell, President Co-Operative Rural National Bank, Lakefield, Minn.

B. F. Harris, Illinois Bankers' Association, Champaign, Ill.

George Woodruff, President Joliet Trust Co., Joliet, Ill.

C. J. Owens, Manager and Director Southern Commercial Congress, Washington, D. C.

W. H. Hatton, Member State Board Public Affairs, New London, Wis.

W. B. Dunlap, President Southern Rice Growers, Beaumont, Tex.

COMMITTEE ON RESOLUTIONS.

E. W. Kirkpatrick, Chairman, Former President Texas Farmers' Congress, McKinney, Tex.

G. I. Christie, Superintendent Extension Dept., Purdue University, La Fayette, Ind.

T. D. Harman, Publisher National Stockman and Farmer, Pittsburgh, Pa.

Arthur Capper, Capper Publications, Topeka, Kan.

A. P. Grout, President Illinois Farmers' Institute, Winchester, Ill.

State Senator J. W. Hutchins, Hanover, Mich.

Judge D. O. Mahoney, Regent University of Wisconsin, Viroqua, Wis.

J. D. Ream, Master State Grange, Broken Bow, Neb.
Dr. A. Caswell Ellis, Texas University, Austin, Tex.

Respectfully submitted,

George McKerrow, Chairman, Madison, Wis.
Ed. R. Kone, Austin, Tex.
Warren Dunham Foster, Boston, Mass.
N. P. Hull, Dimondale, Mich.
T. D. Harman, Pittsburgh, Pa.

Mr. George McKerrow, superintendent of farmers' institutes, Madison, Wisconsin, was called to preside at the afternoon session, and took the chair.

The Chairman: You will note from your programs that this afternoon we have both a very full and a very important program along educational lines, and let me ask all of the members, as well as the speakers, to be brief and to the point that we may thus save time and get more good grain out of the many things that will be brought to us here.

I will call first on the committee on credentials, who will give us a preliminary report.

Mr. Clarence A. Shamel reported for the committee, reading the names of the delegates already registered and each received a badge at the hands of the reception committee.

A representative of the National Drainage congress, in session at St. Louis this week, was allowed three minutes in which to extend an invitation to the delegates to attend this congress.

The Chairman: The gentleman who is to give us the next paper, "Educational Aids to Organization," needs no introduction to a thinking, reading American public. Many of you undoubtedly know that his was one of the names that was endorsed by many throughout the country for appointment upon our new cabinet. I am not going to say that he was best fitted for the position, but as you know, certainly a great many people felt that he was eminently fitted for it. President H. J. Waters of the Kansas Agricultural college.

EDUCATIONAL AIDS TO ORGANIZATION.

H. J. Waters,

President Kansas State Agricultural College.

Four men with improved machinery and the help of science now produce as much food as was formerly produced by 14 men.

The remedy for many of the ills of which we now complain will be found in setting these 10 men, who have been forced out of the field of agricultural production, to work at tasks that are profitable to society at large as well as to themselves.

Never before were our acres so intelligently tilled as now, yet the cost of living is the highest we have ever known.

Never before have we had such ample facilities for distributing and marketing the products of the farm as now and yet it is costing more to get these products to the consumer than in any time in the past.

While the farmer has become, through better methods and improved machinery, a more efficient producer than he ever was before, something has interfered to deprive him of a considerable part of the advantage that increased efficiency was expected to bring. Also, something has deprived the consumer of much of the advantage that was expected to accrue to him through better systems of farming.

Until recently we were chiefly concerned with markets for our export food. Marketing what we consumed at home gave us little concern. Now, domestic consumption practically has caught up with production. Our food exports are less than five per cent of our total production. Marketing and distributing what we consume at home has become our chief problem. We have just come out of a period when the cost of living was low—when bread was more abundant and cheaper than ever before. Many extravagances and wastes grew up that were not noticed so long as we had food to spare, but which have become very oppressive in this era of food scarcity and high price. Until just this moment we have not found the time, nor the incentive to study these matters with a view to eliminating all possible wastes so as to insure to the farmer better prices for his products, and at the same time enable the consumer to buy his food at a lower price.

The cities, years ago, organized chambers of commerce, and set the best talent they had to work to provide facilities for distributing and marketing the output of their factories and to see that freight rates were, at least, not disadvantageous. As a result the details of marketing and distributing shoes, calico, typewriters, etc., are well worked out, but we are yet leaving the marketing of our food stuffs largely to chance.

Farm land is capitalized on the basis of an average earning of from three to five per cent. The interest rate to the farmers varies from five to eight per cent with the average approximately six and one-half per cent. This means that the young man of average ability and no capital cannot own the land he tills unless he can get a better price than he now receives for what he produces. But the farmer cannot be satisfied in his demand for a better return on his investment by raising the price of food to the consumer, as has been done on all previous occasions. On the other hand, the burdens of the consumer cannot be lightened by requiring the farmer to take less for what he sells. A demand has arisen for cooperation for the purpose of increasing the returns from the farm and of lowering the price of food to the consumer, both at the same time. It can only be accomplished by establishing the most direct business relations possible between the producer and the consumer and eliminating all waste in getting the products from the farmer to the consumer. Obviously, both the producer and the consumer should share in the benefits of this readjustment and neither should hope to have a monopoly of the advantages and profits.

A beginning can be made at once but its final consummation will and should require many years, perhaps a generation. It will call for the exercise of the utmost patience, forbearance and charity. The immediate and entire elimination of the middleman would be disastrous. All unnecessary middlemen finally must be turned into the productive industries, but not more rapidly than the industries can employ them to advantage. When it is finally accomplished, the need for organization will not cease. It will require as heroic struggles to keep business adjusted as was required to put in economic adjustment.

Let us not be confused by all the demand which we hear, and which we are making for organization. It is not new and will not serve as a substitute for anything which we now have. It must be over and above, and in addition to, the agencies we are already using. For example, the farmer will owe the same duty to society when we are organized that he now owes; namely, to be the most efficient producer possible.

The farmer cannot hope by organization to shift to the shoulders of others the burdens that are distinctly his own. We hear some hint of this in the suggestion to boost prices by limiting production.

The farmer has undertaken the task of feeding society and the only change organization can make in his relations to this duty is to give him something to say regarding the conditions under which he will discharge it. Unorganized, he has no voice in the matter. Organized inefficiency is worthless; organized efficiency alone will solve the problem.

THE FARMER A BETTER PRODUCER THAN SELLER.

Already the farmer is more efficient as a producer than he is as a buyer or seller. We have accumulated knowledge regarding production more rapidly than we have regarding distributing and marketing. It is also true that we have more knowledge regarding production than is in use by the rank and file of farmers. But this is no reason why we should close the laboratories, or bring to an end the exhaustive studies now in progress. There never was a time when the world used all the knowledge it had. Moreover, there never has been a time in the history of agriculture when the farmers were following so closely as now the teachings of science We must proceed with our studies of production else the world soon will go hungry. But, in addition to all this, we must develop knowledge of how best to distribute and market what we produce.

A CAMPAIGN OF EDUCATION.

It has always been difficult to enlist members of a prosperous community in a cooperative enterprise, just as it was difficult to interest the owners of fertile land in the details of soil conservation. We say that all successful cooperative enterprises have been born of dire necessity.

Twenty years ago it was predicted that our farm lands would not be made richer until they had become very much poorer. Through a systematic campaign of education, led by the colleges of agriculture and ably seconded by the agricultural papers, the people now understand and appreciate the necessity of stopping soil waste. It is true it required 15 years of ceaseless campaigning and the fight will have to be kept up for generations yet to come, but the public fully appreciates its importance.

Also, the interests of the American people was aroused in the conservation of other natural resources by a campaign of not more than half a decade. This interest was aroused in so short a time, partly because the campaign of education in behalf of soil conservation, which has just preceded it, and partly because of the increased facilities for carrying on such a campaign.

It will be found easier to arouse a general interest in cooperation in distributing and marketing than it was in either of the matters named because the results are more tangible and more immediate.

Most people are of the opinion that cooperation in general and cooperation among farmers in particular has not been successful. They do not realize that approximately 50 million people in the world are connected with some form of cooperative business.

Cooperation has grown 40 per cent in five years in the United Kingdom of Great Britain; 50 per cent in the same time in Switzerland; 50 per cent in four years in Germany; 50 per cent in three years in Holland.

Great Britain leads the world in cooperation in distributing and marketing and especially in the strength and perfection of her mercantile organizations. The cooperative stores of that country have no equal.

Germany takes the lead in cooperative banking and in the degree to which rural credit is developed.

The United States with her building and loan associations, stands second in cooperative credit, but it is cooperative credit applied to the town and city with almost no application to the country. The United States also leads the world in cooperative insurance, having over 13 billions of outstanding insurance in purely cooperative societies. In the matter of cooperation in production, distribution and marketing, the United States stands near the foot of the list of the civilized nations of the earth.

Denmark leads the world in cooperation in agricultural production and distribution. It is estimated that four-fifths of the farm produce of that nation is handled cooperatively.

The organizations among the American farmers and laborers hitherto have been spasmodic in their development and too often they have been ill-tempered. We must teach the rising generation and in so far as is possible those now in charge of affairs, that cooperation is business and not war. They must be brought to realize that permanent organizations with constructive policies should take the place of spasmodic protests against evils, which, through lack of organization, they have permitted to grow up.

In the face of the greatest need we have ever had for cooperation the young people on the farm are poorer trained in this line than ever before. The families are smaller and, therefore, they are not so well trained as formerly in cooperation at home. For this situation there is no remedy except in so far as the parents may be induced by precept and example to supply the knowledge and discipline that the larger family naturally afforded.

The country school has fewer pupils than formerly. It now is, as a rule, a playless school and utterly fails in that rigid discipline for life that the larger unit gives. The remedy here is to consolidate the schools and bring enough children together to develop organization, and cooperation. We teach team work on the football field but not in the school room.

Children raised in small families and educated exclusively, in a playless rural school, have the whole lesson of team work to learn in the costly school of human experience.

INFLUENCE OF EDUCATION ON PRODUCTION.

Scientific research literally has revolutionized agricultural production within the last decade. The policies of this, our oldest industry, have at last been definitely shaped by education.

It is possible for education to make just as profound an impression upon our systems of organization and cooperation.

Until recently, the federal department of agriculture, the agricultural colleges and the agricultural papers stood alone in their campaign for the advancement of these causes. Now we may utilize the whole educational machinery of the country for this purpose, including the public school from the grades to the university, and the private academies and colleges as well. Also the press, the country as well as city, and religious as well as secular, is at the service of society in this campaign.

Until now, we have been engaged in getting something besides three R's in the graded schools, or, rather, inducing these schools to teach the rudiments so that they relate to the problems of life.

Until now we have been struggling to get the high school to prepare for life as well as for college.

SCHOOLS SHOULD TEACH BUSINESS ORGANIZATION.

The principles of cooperation should be taught in every school in the country. Selfishness is the greatest obstacle to successful cooperation. When we teach cooperation and organization we are teaching sound morals; we are teaching the application of the principles of the golden rule to business.

Every agricultural college in the country should offer courses in business organization and cooperation. The subject should be discussed at every farmers' institute. The organizations now in existence should make a careful study of the principles involved and of the experience of other societies along similar lines. This information should be collected by the United States department of agriculture and the state colleges.

The agricultural colleges did not become effective as leaders of agricultural thought and practice until, through the experiment stations had been developed a large fund of new knowledge. In this same way it will be necessary to conduct careful studies in marketing, distributing and cooperating. The colleges also should establish a cooperation or marketing division or bureau and employ competent men to help in the field of marketing as they have done so successfully in the field of production.

Such a bureau might serve as a clearing house of information for all the organizations of the states as well as for individuals. It also could guide and in many ways help the organizations of the state, quite as often, perhaps, by discouraging in their ambitious attempts to something new and unprofitable as by leading them into new fields of activity. Such a bureau could prepare systems of accounting, forms of organization, etc., that would remedy many of the present evils along this line.

The state takes upon itself the duty of inspecting banks, building and loan associations, as a protection against fraud, and to safeguard the public interests. Why shouldn't the state inspect cooperative societies and lend its aid to keeping them in right lines of activity and save the public from waste and loss through dishonesty or misdirected efforts? The college can do much towards standardizing agricultural products. Eggs, apples, butter, in fact all agricultural products should come to market correctly classified, packed and labeled. We should stop the great waste that is involved in the rehandling, repacking and classifying of these materials.

I will close these remarks by quoting a short paragraph from a book ("Cooperation in Agriculture") just off the press by that great English authority, Henry W. Wolff: "It was with education—with the creation of the 'high schools' long since grown famous, to be soon afterward followed by agricultural training institutions—that the 'fathers' of Danish agricultural cooperation, began their cooperative propaganda. It was by education also that the 'fathers' of British cooperation studied to promote their cause. And every cooperative union worth its salt has written 'education' in large letters upon its banner and labored to diffuse and perfect 'education.' In truth, the very essence of cooperation is 'education.' It constitutes its most precious element."

EDUCATIONAL AIDS TO THE MARKETING OF FARM PRODUCTS.

Sidney E. Mezes,

President University of Texas.

Whether willing or unwilling, the universities of this country must assume their share of responsibility for vocational efficiency by extending our educational system so that it will include training for all the important vocations. Until recent times schools and colleges were concerned primarily with literature, arts and science, and training in these fields was intended to develop the reasoning faculties and to broaden the intelligence. Training for the particular duties of a vocational life had not been supposed to have a cultural value. Various forces have brought about a change in the attitude of leaders of thought towards vocational education. The industrial revolution, the rise of machine industries, big business in its various manifestations, have greatly disturbed our old educational ideals. Now we are brought face to face with the growing belief that educational institutions, particularly those that derive their opportunity from a tax on all the people, must fit men and women for specific vocations and must also render back to the people direct and immediate service. The practical problems growing out of our complex civilization demand the best thought of the best minds that our colleges can produce; and we are coming more and more to believe, without attaching less importance to purely cultural studies, that vocational education has a rightful place in any well balanced system of public instruction. Moreover, whatever affects intimately the lives of the majority of the people must be of vital interest to every reflective citizen; and the study and solution of the problems connected with the production of wealth must be recognized as an important means of culture.

In Texas, which occupies so large a place on the map of the big Southwest and which leads all other states in agricultural production, 80 per cent of the population live in the rural districts. The subsistence of these people comes directly from the farm or the ranch. We feel, and feel strongly, at the University of Texas, that it is our business to be concerned with whatever affects the lives of this 80 per cent of the population. We have looked with interest at the efforts to teach the farmer seed selection and crop rotation; the fertilization of the soil, its proper cultivation and conservation. Through organization we now hope to aid him in getting better prices for his products, as well as to secure cheap money to carry on the work of production.

Thus far the education of farmers in Texas, with some aid from the Texas Agricultural and Mechanical college has been carried on principally by the Texas Agricultural and Mechanical college and by the department of agriculture in Washington, assisted by the farmers' union, the state department of agriculture, and by a very efficient organization known as the industrial congress for Texas. Some excellent farm papers have likewise furnished valuable instruction to many thousands of readers. Much agricultural enlightenment has no doubt resulted, but I think no one will dispute the statement that there is yet a great work to do. Our people are conservative and the old order changes slowly.

While some progress has been made in teaching the farmer how to grow more crops, little has yet been done to aid him in securing fair prices for his produce. To illustrate the gross injustice of our present marketing system, I may point out the fact that at Laredo, Tex., in our onion growing district, one day a short time ago, onions were sold for two cents a pound; the next morning Laredo onions were sold in the open market at Austin, Tex., at 15 cents a pound. In this transaction, as you will see, the commission man, the public carrier, and the retail dealer divided among themselves 650 per cent of the price paid to the grower. Again, tomatoes were sold one day at two-thirds cents each in Palestine, Tex., and the next morning were sold in the markets of Austin at five cents each. In each of the instances cited the producer received only 13 per cent of the final selling price, while 87 per cent of the selling price was divided among the railroads and the sellers of the produce. The glaring injustice of such a system is made more apparent by a comparison with the results of cooperation in marketing farm products in Denmark. In that country, for example, the cooperative society handles, sorts according to size, and packs eggs for three and one-half per cent; the shipping and selling cost four per cent, leaving the farmer 92½ per cent of the final purchase price paid by the consumer. In Texas, without cooperation, the farmer receives 13 per cent of the final selling price of his produce; in Denmark, through cooperation, the farmer receives 92½ per cent.

The need of cooperation in securing cheap money for the farmers in the Southwest is as great as the need of aid obtaining large returns for his produce. In many places in Texas and Oklahoma the farmer is yet obliged to pay rates of interest that range from 10 to 25 per cent, and even these rates are better than buying on time from the country merchant. In some sections without banking facilities, credit from the country merchant is the only recourse. Side by side with the farmer is the cattle man, who is able to secure money at interest rates of from six to eight per cent, and the railroads which have little trouble in finding capital at much lower rates. The cattle men and the railroad men have flexible and efficient organizations; they work together. The farmers, on the other hand, with loose organizations or no organization at all, though possessing in the aggregate much greater wealth, continue to pay ruinous rates of interest.

Such a condition of affairs is arousing the interest of leading editors, bankers, philanthropists, farmers, union officials, and students, throughout the entire Southwest. At the University of Texas one man is at present employed who is to give his entire time to the study of problems of marketing. The result of these studies will be distributed in bulletins, and so far as possible, lectures will be delivered to farm organizations suggesting plans for meeting the situation. A course on agricultural economics is given in the school of economics where the problems of modern agriculture are studied. The University of Texas has the distinction of supplying a constitution and by-laws for the first credit union to be organized in the Southwest; in fact, the first credit union, so far as is known, that has been organized in the United States, except those in Massachusetts. Responding to the interest aroused by the publication of this constitution and by comments in the leading newspapers and farm journals in the state, the Texas legislature has just passed a bill authorizing the organization of credit unions similar to those in Massachusetts. Another bill has been considered authorizing the organization of a central credit union similar to the central union for landshaften in Germany. Still another bill has been considered in Texas providing expenses for a commission which is to be sent to Europe to study the credit union system of France and Germany.

It must be confessed, however, that little has yet been accomplished in the solution of the two pressing problems of agricultural credits and marketing. One man in a state so big as Texas can make but little headway in aiding farmers to secure better prices for his produce; rather there should be 20 studying this one subject. The state and national governments working, through the University of Texas, need at least that number of Darwins to go out into the fields, patiently secure the facts and carefully correlate them. The great universities, free and untrammeled from political pressure, should assume the burden of the investigation and the discovery of secrets that underlie the development of plant, animal and social life. The advance of our civilization will be accelerated or retarded in proportion to the efficiency with which we perform our task. Through bulletins, through public lectures, through the press, through efficient organization and cooperation, the producers should be made acquainted with the facts collected and then should be instructed how to apply these facts to the betterment of their condition. The two practical ends to be achieved should be constantly kept in view, namely: obtaining cheaper money for carrying on the work of production, and securing to the farmer a larger proportion of the fruits of his labor.

The time seems auspicious for undertaking this work on a national scale. In his inaugural address, President Woodrow Wilson refers specifically to the need of better marketing facilities and cheaper money for the agricultural classes. The secretary of agriculture, Dr. David F. Houston, has long been interested in questions concerning rural life. He brings to his great office excellent training in economics. It may be reasonably hoped that his administration will be marked by distinct advances in the questions considered by this conference of marketing and farm credits. Certainly larger appropriations should be expected from the national government as well as from state governments in promoting this immense project; and the progressive universities of agricultural sections of the United States may be relied upon to do their part. Education, the diffusion of information, the arousing of the public conscience, the enlightenment of the people, depend, in the last analysis, upon the happiness and contentment of the great mass of our population. This happiness and contentment again depends very largely on comfortable living; and comfortable living conditions are only possible when a fair return for labor is made available. So far as their resources in men and money permit, the educational institutions gladly assume their share in making the country an ideal place in which to live.

THE CHAIRMAN: I feel certain that I voice the sentiment of this conference when I say that I regret very much to announce that a telegram has been received from Mr. C. S. Barrett, stating he cannot be here, so we will pass on to a discussion of the problem of organizing farmers.

BEEF GROWERS' ORGANIZATION IN IOWA.

REX BERESFORD,

Beef Cattle Specialist, Iowa Beef Producers' Association.

I lack the years and the gray hairs necessary successfully to advance a new theory or plan for organization of cattle men. I have no record of success in other fields as have the rest of you to secure for me a hearing on an untried plan. Worse yet, I have no theory to advance. I can tell only of what has been done in Iowa; what cattle men's organizations we have and how they were organized; what they have accomplished, and perhaps draw a conclusion or two as to organization.

We have one strictly beef cattle organization in Iowa, the Iowa Beef Producers' association. This association has a membership of between 600 and 700 cattle breeders and cattle feeders. A large share of this membership is made up of breeders of purebred beef cattle, though cattle feeders and producers of market cattle are well represented. The organization is extensive or state-wide rather than intensive or local. We have no local branches.

The association had its birth in the mind of Charles Escher, the present president of the association. He foresaw the present beef cattle shortage and the final outcome of the system of grain farming and soil mining that was being and still is being carried on in Iowa.

In the fall of 1911, a meeting of cattle men was called in one of the meeting places at the Iowa state fair at Des Moines. This was given wide publicity and a fairly representative lot of men responded. A temporary organization was formed there. Permanent organization was completed at another widely advertised meeting held at Ames at the agricultural college during the winter short course in January, 1912.

A director from each of the congressional districts was elected, as were the other officers usual for any organization.

Like the unorganized farmer or cattle breeder, the thought and work of the Iowa Beef Producers' association has been along the lines of increasing production and cheapening it enough to leave a profit in growing beef cattle under existing market conditions, rather than toward bettering markets or market methods. The directors of the association seeing the opportunity for beef production that is offered the Iowa farmer by present conditions in the beef cattle situation have spent most of their effort and the resources of the association in publicity work of various sorts advocating the growing of beef cattle on the Iowa farm; pointing out the opportunity for profit in so doing; and in advocating the various methods of cheapening the production of beef cattle, such as the silo, the use of clovers and alfalfa, better care of pastures, better breeding stock, etc.

This work has been carried on through means of special trains, institute talks, newspaper articles, and the farm papers.

ORGANIZATION OF BEEF GROWERS HAS PROMOTED OTHER INTERESTS.

So far the work carried on has affected markets only in that it has helped make a broader demand for purebred stock. And while we do not underestimate the importance of our work we are inclined to give the steer considerable credit for this enlarged demand for breeding stock. The silo manufacturer and the dealer in cottonseed and oil meal have benefited as materially as has the cattle breeder from our efforts, as we have advocated better methods of feeding as strongly as better blood. However, it is true that the men who have joined this association from any motive less than the broad one of public spirit and a desire to aid the industry in general have joined from one or more of the following three motives: The breeder of purebred beef cattle has hoped through the association to stimulate interest, create demand and promote the sale of purebred cattle. The steer feeder has hoped that the agitation for increased cattle breeding would cause greater production of feeder cattle and consequent reduction of feeder prices. The man who is growing and feeding his own cattle hopes that the association will through its investigations and publications help him to methods of cheaper production of beef on his own farm. This latter applies, of course, to all three classes of beef cattle men.

While this association feels that, with the knowledge it has at hand, it has begun in the place where it can do the most good it is certainly ready to join in any movement toward the betterment of markets or marketing conditions. The beef cattle man, in common with the rest of the producers, recognizes that there is something wrong with the present system of distribution, but not knowing what to do to remedy it or where to begin to reform it, he has simply turned to the thing about which he does know something and over which he has some control,—the production end. The Iowa Beef Producers' association intends to keep on with this end of the business. If, however, the opportunity comes to take up this other side of the problem and accomplish something tangible for market improvement the association will not hesitate.

There is in Iowa another larger and somewhat older organization, known as the Corn Belt Meat Producers' association. This is an organization of all sorts of meat producers, but most of the members are cattle feeders or cattle breeders also.

This organization was started also in response to a call sent out among cattle feeders and shippers at the time the stockman's pass was discontinued by the railroads in 1903. It was to get back the pass and secure some much needed legislation in Iowa that the meeting was first called by J. J. Ryan of Fort Dodge, who was the first promoter of the organization. I do not know how many men were included in this call, but 200 or a few more responded to the letter sent out by Mr. Ryan. A temporary organization was formed and these men went home and started to organize the state. They formed local organizations in their own counties, held schoolhouse meetings and were ready early in March, 1904, to send regular delegates to a second meeting. Here the permanent organization was formed with Senator Ames as president and Mr. Ryan secretary. Some 300 delegates were at this meeting. These 300 men made a quiet raid on the Iowa legislature then in session and made enough of an impression to secure the desired livestock legislation, which otherwise would have been left quietly in the hands of an unfriendly committee.

GROWTH OF ORGANIZATION—METHOD OF SUPPORT.

Organization of the state continued. At present there are about 100 local organizations in Iowa, or an average of one to a county. Many of the dairy counties have none, while some of the stronger stock-shipping counties have three or four. There are 50 counties organized and the association has around 6000 members all told.

This association is financed by a pledge system. Membership dues are $2 per year. This is required. In addition to this each member is asked to pledge for a period of five years as much as he feels he can afford. These pledges vary from $10 per year from the largest shippers down to $1 from the smaller ones. The pledges are made out in note form and are payable at the local bank, making the matter of collection easy. This system has solved the matter of support very satisfactorily.

The work of the association has been connected partly with securing legislation favorable to the stockman's interests both in state and national legislatures. This has been done not by lobbying, but by having the proper facts and statistics ready to present and presenting them at the proper time.

ORGANIZATION OF SHIPPERS REDUCED FREIGHT RATES.

More important than legislation, however, has been the work of the association in securing rulings under the interstate commerce commission as regards rates and service from transportation companies. Without the organized effort of the association, backed by its facts and statistics presented by its attorney, many of these rulings would not have been made. Some abuses were also corrected at the stock yards. One was the system of handling and selling crippled hogs and a number of other similar items.

All told, the association saves to the shippers of Iowa, through the rate reduction it has secured and the rate advances it has prevented, better than $200,000 directly, and much more indirectly.

In addition to these associations named there are a number of smaller livestock associations in the state. There are several stock-buying and stock-shipping cooperative companies. Most of these are successful and are effecting a saving to those who are members or stockholders. However, they get rid of but one middleman, the country buyer, and since the market ''daily'' and the morning market by wire have come in the stock buyer has had a pretty hard time of it, anyway.

We have two county purebred stock sales associations made up of all the breeders of purebred live stock in the county. Shelby county has the most successful of these.

Much has been said at various times about it being impossible to get the farmers to organize. It is hard, but not impossible. There are some things very necessary before you can get together a strong organization of farmers.

First: You must have a direct issue; something tangible to fight or do, and with a fair chance of getting it done, and it must be something that touches the farmer's pocket or what he considers his rights. The corn belt association organized because the shippers wanted the pass back again. The beef producers' association was formed because the breeders of purebred beef cattle were afraid they were losing their market because the Iowa farmer was quitting the beef business. The cattle feeder joined that association because he wanted cheaper feeders, and thought he saw a way to help secure them.

Second: The proposition must be pushed by men well known and held in esteem and confidence.

Third: The appeal must be direct and personal. It is seldom that you can reach a man by mail to get either his personal or financial support unless you know him personally. Nor do you get much response from propaganda on organization unless you follow it up personally.

Fourth: There must be little immediate or prospective expense involved unless dividends promise large or necessity is sharp.

DAIRY ORGANIZATION.

ED H. WEBSTER,

Associate Editor, Hoard's Dairyman.

Dairying offers an exceptional field for cooperative organization. It has been partially occupied by the farmers' cooperative creamery and cooperative cheese factory. These cooperative enterprises have been organized for but one purpose, that of converting the product of the herd into butter or cheese—a line of manufacture found unprofitable on the single farm for the great mass of farmers, and which requires no large amount of capital nor wide business experience.

These factories have succeeded in two essential points: First, they have furnished the trade with a large quantity of fairly uniform product. The farmer buttermaker or cheesemaker could not, under any condition, do this. Secondly, being cooperative, they have distributed to the farmer the full value received less the actual expense of operation, thus setting a value on milk and butterfat presumably beyond what an individually owned plant would have been willing to pay.

In many cases, however, cooperative creameries, because of their lax business methods and because they have so little selling ability, have not been able to return to the farmer as much as a well-managed proprietary concern. A concrete example of this is found in the Hoard creameries, which have always been able to give the farmer a greater net return than the cooperative creameries in the same county. But, generally speaking, the successful cooperative concerns have been held true to their purpose by the economical factor of greater returns and by the sociological factor of pride in community organization. With either of these factors lacking, the concern is dashed on the rocks at the first roll of the breakers—and the breakers are many.

To date, these cooperative units have excited a powerful influence in putting the product of the farmer's herd in marketable shape, but in few instances have they gone farther. Their methods of marketing, generally speaking, are as crude as that of the individual farmer. Spasmodic attempts have been made to organize the marketing end of the business; but this, requiring both capital and ability of high order, has failed. The farmers have not yet learned to supply the capital or to buy the ability required for such an enterprise.

FACTORS THAT HINDER DAIRY ORGANIZATION.

The work so far in dairy cooperation is of a kindergarten variety when it is compared with what may be accomplished; but, with that, the cooperative butter or cheese factory is a center or nucleus around which may be constructed the most far-reaching development in American agriculture. The hindering factors to such development are: first, lack of knowledge concerning what may be done; second, lack of leadership; and the greatest of these is leadership, for how shall we be taught if there be no teacher?

There are two principal lines in dairy farming that need the stimulus of the cooperative spirit. More intelligent and economic production, on one hand, and the building from foundation up a strong distributing agency that will bring the producer and consumer within speaking distance of each other.

The cooperative creamery should leap its bounds on the one side and become the energizing, constructive factor in the improvement of dairy farming conditions by becoming the center around or through which testing associations, breeding associations, bull associations, feed-buying and fertilizer-buying associations, farmers' clubs and general improvement associations are organized and managed. The creamery is the strategic center for this type of community interest organization, for the reason that with the dairy farmer in a creamery neighborhood his cream check is the final expression of the thoroughness of his work.

The effort to cooperate should not be confined to the manufacturers of butter and cheese. The supplying of our cities with wholesome milk is a much larger problem and of vastly greater importance than supplying our table with butter and cheese. This great branch of the dairy industry has not felt the stimulating effect of cooperation and yet it offers a field as attractive and as profitable as the manufacture of butter and cheese. The farmers supplying this trade are in greater need of assistance, for their problems are greater and the conditions more exacting. This field includes the factor of marketing, which as yet the American dairy farmer has not fathomed.

In order to complete the span and fully bridge the gap between the producer and the consumer, cooperative marketing must be organized. This includes an interest on the part of the consumer and he should become a party to such plan.

That the dairy farmer may reach the consumer by the most direct route, there must be a federation of cooperative enterprises or the establishment through the cooperative creameries, cheese factories or milk-distributing plants—a fair-reaching organization that will place his dairy products where the consumer can readily secure them. The whole question of marketing dairy products by means of cooperative enterprises is so much in embryo that only theoretical deductions may be made. A study of such enterprises in foreign countries would be helpful. Their modification and adaptation to American conditions is a problem for the immediate future.

The time is still within the memory of living men when to a very large extent the farmer delivered his butter, cheese, and milk direct to the consumer. With the growth of our cities, creating demands far greater than the immediate vicinity can furnish, the pushing back of the farmer to a distance too great to even permit of this individual delivery and the growth of commercialism to proportions then undreamed of, the personal contact of the producer with the consumer has been lost.

Around the small villages and towns there are remnants of the old system left, but in dairy communities the production far overreaches the local consumption and the products of the dairy must go to the distant market.

FARMERS MUST REESTABLISH RELATIONS WITH CONSUMERS.

To reestablish the personal touch between farmer and consumer, the farmer and consumer must organize and perfect their dealings through such organization. Instead of the farmer selling his dairy products to the consumer direct, the farmers' organization must deal with the consumers' organization.

Commercialism, and particularly dishonest commercialism, will oppose such organization. Commercialism, if honest, has a right to make fair profits and will maintain its standing and position until it is definitely shown that its position is economically wrong.

If such condition can be shown, it will not then be replaced until the American people learn to cooperate in their dealings, one with another for mutual benefit and profit.

Commercialism, right or wrong, will fight for the perpetuation of its existence; but, remember this: because a thing is, does not establish either the rightness or wrongness of its existence. If cooperation among dairy farmers is fundamentally right that fact alone will not bring it into existence, because dairy farmers have not as yet advanced beyond the A, B, C stage of their cooperative development. Though 20 or more years have passed since they began, is no argument that they cannot or will not advance. Because many attempts have been failures does not prove that ultimate success may not be achieved.

If an economic need exists, the indomitable spirit of the American dairy farmer will, under proper education and leadership, exert itself and bring about such plans of organization as will meet the needs of the producer and consumer and establish trade relations that will profit both.

The best interests of dairying are served when the farmer does not lose his connection and interest in his product until it reaches the consumer.

COTTON GROWERS.

E. W. KIRKPATRICK,

Former President Texas Farmers' Congress.

The cotton growers possibly have as much or more interest in your proceedings and successful carrying out of your plans as any other interest, because they are so extensive in their operations and in their productions; they go upon the market with more value, possibly, than any other producers.

The cotton growers labor under very peculiar difficulties, difficulties that you other growers probably never have suffered under. In the beginning of the history of the growing of cotton in this country, it was done under a system of slavery where labor was very cheap, and where the land was naturally adapted to the growing of cotton and was very fertile, producing cotton in abundance. That was the beginning of the growing of cotton in this country. Land was very cheap and living was very cheap and the opportunities of getting a living were very diverse as compared with this day.

The amount of cotton in 1840 was very small compared with what it is now, beginning with less than a million bales and gradually increasing until it was about three or four millions annually. After the war, it grew, not under slavery, but the peculiar part of it is that the basis had been set, the prices had been fixed, the world was getting cotton at a certain price under these peculiar conditions of slavery and cheap land and rich soil, and it was calculated that as the world had been getting cotton at that reduced rate, they thought they must continue to get it at the same old rate under free labor. You see that was a peculiar situation and a peculiar difficulty that surrounded the people of the South in producing cotton, something that you in the North have never suffered from.

Slavery went out and people said to men who had been raising cotton at 5 cents a pound, "Why should we pay more?" The price of cotton was sometimes as low as three cents a pound for middling and we had to work and make cotton at that price. At last you gentlemen, our teachers in the universities, in the colleges, in the offices of the agricultural press, came to our relief, telling us that we must learn to raise cotton cheaper, or we would certainly go to the wall. You older heads can all remember the advice we received through the agricultural press of 30 years ago; you told us we must learn to raise cotton cheap enough to make a profit at three to five cents. They gave us lots of advice, though I do not know whether they were prompted by fraternalism or by commercialism, but the fact is we were told that and we went to work on that line. We realized that we were compelled to reduce the price of labor; we were compelled to reduce the price of living; we were compelled to make everything on the cheapest possible plan and grade in order to live at all; and the southern people during those long, long, tedious years, worked at a loss. They grew poorer and poorer all the time and the taxes didn't grow any lighter—no, the taxes didn't grow any lighter. The tariff, taxes, everything came down upon us, with burdens almost beyond possibility of being borne by the southern people. The pension laws came down on us with equal force. Insurance rates came down on us with a terrible weight, and every imaginable contraption of the great commercial minds of this country seemed to consider anything in the shape of a plan to keep the price of cotton down and cotton stayed down, and we down there have labored through these long, tedious years, producing cotton at four or five cents a pound.

Of late years we have gotten the price up a little, almost to the point of the expense of production. We don't think of making money down there any more by hiring labor, we simply want to exist. The cotton growers of the South have existed only in poverty and want, and you men who claim to be statesmen, who claim to have brains alive with the love of humanity in your heads, you have neglected us, and we have never heard much response until the last few yqears to our appeals for help. Now, we have a ray of hope coming, not only from the South, but from the East and the West and from the North, saying to us, "we must have more for our cotton."

Why, the difficulties we have undergone are unapproachable among other producers.

The same thing holds with reference to our fine fruits, our fine early vegetables. Thousands and tens of thousands of bushels of fine early-produced fruit and vegetables go to waste every year because we cannot get it to your hands. You have the goal, the anxious mind to buy our products. You people are voracious for the things we produce, but we cannot get them to you.

Why is this?

You have yet to answer that question, Why is this? And I tell you no more holy, no more sacred, no grander purpose ever occupied the mind of men than that which has inspired you to come to this meeting, and I see in it, I see in all these speeches and all these operations, a growing hope that some day we are going to work out of this condition. We are going to reduce the cost of the price of production to be sure, but not at the expense of labor; at the expense of somebody else, some other person's expense, and we are going to do it for their benefit. Why, this kind of work has been going on, increasing the price of production to the producer and increasing the price to the consumer, it goes on nearly to the breaking point, it has almost reached that in some parts of the country.

What is the result? It is the reduction of manhood in this country. Our young men are losing patriotism and losing manhood, losing the stamina of manhood faster than they ought to already, and when the breaking point comes, where will patriotism go? Where will manhood land? What will be the result? Reduced manhood. It will be the history of all races and nations that have passed away from the face of the earth; ours will be similar.

But if we can get a system here in this great 90,000,000 of people with the finest statesmen possible on earth, if we can get a system that will give us equity, give us justice, give us a fair, square deal, we can go on to newer triumphs and greater victories in the future than we have ever accomplished in the past. Our work today is being mapped out, and this is the response from the cotton growers of the South. We want to help and we are willing to give you our help. We want your hands across the bloody chasm and we have earned them, we have won them. We are as faithful and as true to the country and to the flag as any people that ever lived.

You know the production of cotton is the greatest volume of any other production on earth; more money comes out of it; it amounts to more. It has a wider reach in its distribution; it has a grander scope in its application, and it ought to be looked after with a carefulness not exceeded by any other product on earth.

Our labor down there needs protection. We hear a great deal of talk about protection of the infant industries. We have an infant industry, it takes in all the infants from about three years up, and it has been taking them in in thousands, little boys and girls down there, as white and as pure and grand and noble in their forefathers, as any people on earth. Those boys and girls pick more than their weight every day in cotton during the cotton season, little fellows from three to five years old, and you talk about being opposed to child labor! If it was not for child labor, the cotton business would be ruined in the South. They are bound to work. We want a price for that cotton and then those little fellows won't have to work. We want a reasonable price, a fixed price, we want a classification, a grading, we want authority for grading, and we want to enforce authority. Without power, with supervision, your cooperation amounts to nothing. What is the use of talking about cooperation without supervision? You must not only have supervision, but you must have power behind that supervision. Fixing the prices of any product is as important as levying and collecting taxes. How would you go about collecting taxes in this wide land by cooperation, by personal or neighborhood, or district agreement, by any kind of agreement, personal? You can hardly do it today, and you cannot do it without having power behind you, law, system, legal authority. You can't get a really honest system that way, and you can't get any by cooperation unless you give us supervision and power behind that supervision.

That is the only remedy in this case. All this talk about ''brotherhood'' and ''love'' is good enough. The Great Teacher who taught us to be brothers to each other, taught aright and the man who said today that we must put this whole business on the basis of service, told you holy truth. You are probably not ready to receive that truth, but you will have to receive it. The man or woman, or anybody, that goes out and serves his kind, should have a constant reward and will get it eventually. Those who do serve are the men that ought to be paid. They ought to be paid in proportion to that service as it is valuable toward the perpetuation of the race, the perpetuation of liberty, and the perpetuation of life, liberty and citizenship, in proportion as it gives power to the great principles and demands of this race, so it is valuable and ought to be paid and eventually will be paid.

FARMERS' SELLING AGENCIES.

Lloyd S. Tenny,

U. S. Department of Agriculture.

Farming—or agriculture if you choose to call it such—is rapidly becoming a complex industry. A quarter century ago no one considered farming was too big a subject for one man to handle alone. The feeling was rather that it was too small and insignificant a matter for any ordinary man to bother his time about. It is quite evident that with this change in point of view as to the farmer and his work, there must of necessity come changes in the methods of carrying on the farm business. Note, please, that I say ''farm business'' rather than ''farm work.'' The farmer of the past has been trained ''to work,'' but we are fast realizing that the successful farmer of today must be trained also in the ''business'' of farming.

There is no phase of the subject which has changed more than that which pertains to the marketing of the farm produce. It was not so many years ago that practically every farmer marketed directly his own crops. Every large consuming center was fed almost entirely by the produce grown in the surrounding country. In the matter of perishable fruits and vegetables, this was literally true until very recent years. Today we are eating here in Chicago strawberries which were grown a thousand miles away; celery and asparagus which probably the farmer in California grew; eggs, butter and milk which no one here would dare guess as to their point of production. The great improvement in our railroads, the development of refrigerator car and cold storage have made these things possible. It is to be expected that such radical changes would cause confusion; that there would be great problems; that we must go through a transition period, when first one thing and then another would be tried out. The youngest even of us here have lived through such an experimental period. We are now coming rapidly to a much more settled condition. We are getting more clearly before us the problems which confront the man who has farm produce to sell and the housewife who must buy the same goods, and we are rapidly establishing the principles along which the farmer must do business when it comes to marketing his crops.

There are two principles which are so evident they scarcely need mentioning. First, farm crops are now grown, and will continue to be, in those places best suited to their production, with comparatively little thought as to the availability of markets. Personally, I feel that we have perhaps carried this point too far in very recent years, but doubtless it will always be true that certain districts of our country will continue to be noted for the large amount of certain farm crops, which they will produce, largely because they can produce them cheaper or better than other places, perhaps nearer the great markets.

The second principle is equally true, but not yet so clearly established. It is that ultimately this farm produce, which has been grown under the most favorable conditions, will be put into the hands of the consumer, with the least cost of handling, giving to the producer as large a profit as is consistent with the law of supply and demand. This must be true, for it follows along the laws of economics.

Granted then that we have various commodities produced or manufactured by the farmers in all portions of our country, it then resolves itself to the queston of the best method of disposing of the articles and getting them to the great consuming centres. The purpose of this paper is to bring to your attention some factors connected with but one system of marketing, and to point out some of the advantages of this system and to try to analyze some of the reasons why so large a percentage of the trials have proven sad failures. The system is that known generally under the name of ''cooperative selling.''

WHAT IS COOPERATIVE SELLING?

Not everything which bears the name and flies the flag of cooperative marketing will stand close inspection. Cooperative selling means simply that there is some kind of an association of men, who have something to sell; who have united and appointed one of their own number or some one else to sell the things for them. Cooperation implies action by those who cooperate. It must be voluntary action. Right here lies the great reason why this system of marketing has not been more generally developed. I cannot point to a single illustration of a successful cooperative association, which has been developed, where the farmers selling through that association were opposed to the idea. I doubt whether you can find such an association where the members are even lukewarm. It takes enthusiasm on the part of the members; it requires faith on their part—faith in the system and faith in each other. Such a conference as this is good, but it is well that we bear in mind our limitations. This is a place for education. There are many here who probably do not agree that this is the whole aim of such a conference. I attended a similar meeting not long ago and several expressed the ideas that we had talked and educated long enough, and what was needed now was action. So they forthwith proceeded to organize an association with large capital, which was to solve the marketing problems of a large part of the country. We wish them success in their enterprise. I hope you will pardon me if I dwell a little longer on this phase of the subject which really does not come quite under the subject of my paper, but it seems very important that we get clearly before us the possible and the impossible, the practicable and the impracticable. We are all interested in better systems of marketing. We do want action, but we want it along the right line and directed in the proper channel. There is such a thing as cooperative selling. We have some excellent examples where farmers have united and sold their crops jointly. On the other hand, we have cooperative buying of farm produce. There are a few illustrations in this country of consumers uniting to buy foodstuffs where success has followed their attempt. The housewife's league is doing some good work along this line, and, no doubt, it is doing more to show the possibilities of such a movement than anything else we have had. To this extent it is educational. Thus we have the two extremes: Cooperative selling of farm produce, where the initiative comes from the man on the farm; cooperative buying of farm produce, where the initiative comes from the consumer in the city. When cooperative selling and cooperative buying have both been much more largely developed, then it will be a comparatively easy task to bring buyer and seller together. We, who see the possibilities in this, are wont to chafe and fret that everything cannot be accomplished at once. But this is a big movement. It represents millions of people. Such movements come slowly. It is a question of a little here and a little there, a group of farmers seeing the light in Texas, a number of consumers working out their problems in Chicago, and so—and only so—will the movement progress.

THE ADVANTAGES OF COOPERATIVE SELLING

Let us turn now to a more definite study of certain phases of cooperative selling. There are certain advantages which this system of handling produce offers over any other.

Cooperative selling is impossible without uniform grading and packing. Wherever this system has succeeded, uniformity has been secured. It is doubtful if there has been one thing which has worked to the greater disadvantage of the Eastern apple industry, than the lack of uniformity in the packing. This would have been impossible under a system of cooperative marketing. Uniformity may be secured in one of several ways. There may be the cooperative packing house, which probably reaches the highest point of perfection, but uniformity has been secured without that when a rigid system of inspection has been used.

Cooperative selling probably gives better and more scientific distribution than any other system of marketing. The larger the association or group of associations handling the same commodity, where the sales are made by or under the direction of a single sales manager, the more scientific may be the distribution. This is illustrated especially well in the case of the orange industry in California. There may be no better place to describe briefly this association, known as the California Gruit-Growers' exchange, which stands as an illustration of the best type of a large cooperative selling association. The unit in the California Fruit-Growers' exchange is the cooperative packing house association. This is made up of the individual fruit growers, located near enough together to haul their fruit to a common packing house. There may be 50 such growers in a single association, or there may be 200 or more members. This association is an incorporated body and each member takes stock, generally in proportion to their acreage. Being incorporated, the association may make contracts with each member, binding him to ship the fruit agreed upon through the association, or to pay a fine on all fruits sold by the individual outside. The association holds an annual meeting, when a board of directors is elected. For all practicable purposes this board of directors controls the processes of grading and packing the fruit in that house, electing a general manager, who superintends the various operations and employs all the labor. There are in all about 120 well organized local cooperative packing associations in the California citrus territory. These hundred and more individual houses are grouped into 17 strong district or sub-exchanges. Each sub-exchange, in turn, is incorporated with a board of directors made up of one representative elected from each individual packing house association in that district. Then the 17 sub-exchanges, each electing one member of the board of directors, make up the California Fruit Growers' exchange, with headquarters at Los Angeles. One of the April magazines in describing this association sums up the work of the central exchange very completely as follows:

*''This organization, like the subsidiaries, is a non-profit corporation, with a capital of seventeen thousand dollars, contributed in equal amounts by the seventeen district exchanges, each of which names one of the directors. This central exchange * * * gathers information about crop conditions, demand in all markets, and daily sales, which is immediately transmitted to the district exchanges and through them to the locals. It maintains bonded agents in all important markets of the country, to whom its products are shipped, and by whom they are sold, always under the supervision of the exchange. It handles all claims, conducts litigation, looks after general transportation matters and carries on advertising campaigns—in which, at times, great sums have been spent in order to expand the market. It receives all remittances, and accounts for all receipts to the growers through the district exchanges. The expense of its management is paid by assessment of the district exchanges, proportionate to their business.''

It is useless to try to convince anyone here that does not already see it that such a system of marketing is able to give more scientific distribution than the common ''go it alone'' system generally practiced among farmers.

Aside from the fact that cooperative selling gives uniform grading and better distribution and so larger consumption, it does it at a less cost to the producer. When in Florida for several winters in connection with some experimental studies, I was struck by the enormous tax which fruit growers were paying annually to support the great number of buyers and solicitors that swarmed over that state. The California system practically does away with all such expense.

There is still another advantage coming more or less directly from cooperative selling. It is impossible for a body of farmers to cooperate in marketing their crops, without carrying the spirit of cooperation farther. They see the advantage of cooperation. It is more easy to secure cooperation in other phases of their community life—for good roads, for better schools, in the rural church, for a better credit system, etc. This is a type of development, the good of which is hard to estimate, but which we all feel should be encouraged and extended.

FUNDAMENTAL PRINCIPLES FOR SUCCESSFUL COOPERATION.

Let us now take up the question of some of the fundamental factors affecting the success or failure of a farmers' selling organization. It is not possible to draw up a set of rules and regulations, which, when followed, will invariably lead to success. It is possible, however, to study a large number of successful cooperative selling organizations and select certain factors that appear to be present in most or all of them, and from this study draw some pretty definite conclusions. We are led to believe

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* Munsey's Magazine, April, 1913, page 66.

that our conclusions are more or less correct if we find that many of the unsuccessful attempts at cooperation did not embody these principles. First, and underlying all else, is the loyalty of the individual farmers, first to the cause of cooperative selling itself, and then to their own particular association. This is fundamental. We can write about its advantages, or may discuss all phases of it, but we will not get cooperative selling until the American farmer is convinced that that type of selling offers better advantages than any system already practiced. In this connection, it is well to note that in the majority of instances cooperative selling has come about because of dire necessity. Farmers have been compelled to get together to market their own produce, or else be forced off their land. In more recent years, in certain districts, the farmers have realized that the same advantages would be gained by the establishing of cooperative selling organizations, when the need for such an association was not so imperative. Such has been the case with many of the associations in the Northwest fruit districts. These have been exceptions rather than the rule, however, and they have come about because of the difference in the type of farmer and fruit grower. A sufficiently large number of the farmers in those districts have had business training in the cities, to influence the actions of the entire locality. To repeat, then, fundamental to success lies the attitude of those who are to cooperate.

In the second place, the successful organizations have been mutual, cooperative, in fact as well as in name. The capital stock is subscribed by those directly interested, the individuals putting in the money not for the purpose of making large dividends on their cash investments, but for the sake of establishing a system of marketing which will make them greater return on the sale of their farm crops. The dividends should be small, not over the legal rate of interest. The income needed to run the business is obtained either by making a fixed charge on each package or car sold, or on a percentage basis. In either case the individual shippers pay in proportion to the amount of business each does. Any surplus left at the end of the season, after paying the nominal dividends, is either held as an undivided surplus, or is returned to the shippers in proportion to the amount of business done by each one. With this understanding, it is out of keeping with the idea of a mutual association for a man or group of men to "promote" a cooperative association. It is equally impossible to have a successful association where the manager or other officers depend upon dividends from watered stock for their income. There is no place, anyway, for watered stock in a farmers' cooperative selling association.

In the third place, pretty nearly every successful association has been incorporated under the laws of the state where established. The first tendency among most farmers, especially those in the eastern part of the country, is to form simply a loose organization. A gentleman's agreement is not enough. An association must expect to run against difficult problems. More often than not, their greatest problems will arise from within their own number. Unless there is an incorporated body which can maintain a more or less independent existence, the association is almost sure to run aground.

In the last place, every successful association is managed by a successful business man, and such men cost money and usually are not looking for the job. For some reason, unknown to me, it seems to be generally the case that whenever there is a movement for cooperative selling there is present some impracticable, unsuccessful man, who is the prime mover in the agitation and who wants himself appointed president or general manager. I could give a number of illustrations where men without proper qualifications, or unscrupulous men, have promoted selling organizations with results disastrous to the individuals selling their produce, and also to the general cause of cooperative marketing. The individual farmers in any locality, thinking of establishing a selling association should look well into the matter of selecting officers to manage their association and a board of directors who will direct. We in Western New York are now saying the last sad rites over an association, dying because practically every one of these fundamental principles were violated in the establishing and carrying on of the association.

CAUSE OF FAILURE.

The reverse of what has already been said will, in so far as it covers the subject, give the chief causes for failure. It is well, perhaps, to state some of these in a more positive way, however, for those interested in the future of cooperative selling should understand clearly some of the pitfalls where the new association is liable to be wrecked.

There is first the disloyalty and lack of support on the part of the farmers. The American farmer has been trained in the school of individualism. His independence is not a bad trait; in many ways it is one of his best qualities. It nevertheless interferes greatly with the development of the cooperative spirit. I wonder if you know the little poem by Sam Walter Foss entitled ''The Calf on the Lawn.'' It is interesting in itself, and it illustrates especially well what I mean by the individualism of the farm folk. Let me read it to you.

''THE CALF ON THE LAWN.''

By Sam Walter Foss.

I'm goin' to hitch this 'ere young caff out here in my front lawn;
He'll stay right here an' chaw the grass 'till the hull thing is chawn;
He'll chaw thet corner off today, until he's et it bare;
Ter-morrer I will move his stake, an' he'll chaw over there.

Looks bad, yer say, to see a caff out in a man's front yard,
An' blattin', like a barnyard, on this stylish boolevard;
But thet air caff shall eat thet grass until I get him fat,
An' if he feels like blattin', w'y, I reckon he will blat.

W'en I fust took my farm out here this was a country road;
Across the way was parstchure lan', where huckleberries growed;
My caff was then hitched in my yard fer the hull town's inspection,
An' no darn enterprisin' dood cum roun' to make objection.

W'en this road growed a village street, my caff was in the yard,
An' now the street it swells 'ith style—a city boolevard!
But I will hitch this 'ere young caff out here in my front lawn;
He'll stay right here an' chaw the grass till the hull thing is chawn.

You say the way I carry on makes the hull city laff;
Wall, let 'em laff—this 'ere's my lawn, an' this 'ere is my caff,
An' things hez reached the purtiest pass the worl' hez ever sawn,
Ef an ol' duff can't let his caff chaw grass on his own lawn.

Wall, let 'em laff; this 'ere young caff shall stay here anyhow,
An' if I hear 'em laff too hard, I'll trot out the ol' cow;
I'll hitch 'em both to the same stake, right here in my front lawn,
An' let 'em stay an' chaw the grass till the hull thing is chawn!

To say the least, we cannot hope for great support from such as these, until at least they see the light and are convinced that cooperation is safe and sane.

Many associations have failed in the past because they have been promoted. The growth has not been a natural development. The organization has been perfected by men outside and imposed upon an unwilling or luke-warm group of men. Such an organization exists only for a time. Other associations have failed because of lack of sufficient money. Not many people, except those with experience realize the amount of money it takes to finance properly a new business. It isn't to be expected that a new organization can handle the business as satisfactorily as one established a longer period, where the quality of the produce is known and their brands established. Personally, I believe it is far better to start with a small association, where the members are loyal and united, where they are willing to pack in a uniform way, starting under conditions favorable for success, and from this small beginning let the association grow in a natural way, as it will do, if the fundamental principles for success are followed and there is a clean, honest, business-like administration.

THE OUTLOOK.

The outlook is good. Cooperative selling of farm produce is comparatively a new thing in this country. Today we have hundreds of associations, established along true cooperative lines, selling produce amounting into millions of dollars each year. The progress from day to day seems slow. There will continue to be many failures in the future as there have been in the past, but more and more often from these failures there will develop new attempts, and profiting from the failure, these new associations will be built along better and safer lines and success will be the reward.

A PLAN TO SELL THE COTTON CROP.

W. B. YEARY,

Vice-President for Texas of the Southern States Cotton Corporation.

We have gathered here to discuss what may be regarded as the most important question before the people of the United States; namely, a marketing system for farm products.

The United States presents the greatest agricultural possibilities of any country in the civilized world, producing as it does in some part of its vast domain, the necessities in clothing, food and raw material for manufacturing. It has become household information the world over that the people of the United States have reduced the handling of their commercial business to a basis for competition with that of any other country on the globe. The sole exception to this is the marketing of our farm products, foremost among which is the cotton crop of the South.

It is remarkable that in the hundred years since the growing of cotton began in the Southern states of the United States that there has been no progress towards systematizing the sale of this crop, and yet in every other detail connected with the production of cotton we have advanced. We have raised the standard of cultivation; we have increased the amount which we produce; we have improved transportation facilities, and yet we have left the most important side of this question alone and that side represents the profit or loss to our people in growing it.

During a century or more in which cotton has been produced in the United States every effort has been made with the passing years to add to the amount of this crop grown. The net results of our efforts have been to produce no more than the world required under the haphazard method of marketing in use and at the end of this time, if for any reason the cotton crop of the United States were to fail or be delayed in maturing two months, the spindles of the world would come to a standstill. Even with this condition we find each succeeding year that the farmer or cotton grower of the South is faced with a range of prices which not only prevent his getting a profit on his labor, but the lowest wages of any section of the country are his, and this cheapened labor is reflected in the home which he rents; the clothes which he wears; the food which he eats; the education which he is able to give his children; and the comforts in general which are absent from his family.

We are told year after year that a few thousand or a million bales of cotton, as the case may be, which happen to be in the world on the first of September each year must necessarily depress the price of our crop and that on account of this surplus we shall not be allowed to gain a fair remuneration for our labors. All of our heretofore advisers united in telling us that we must starve the world for clothing in order to compel a fair value for our cotton. It seems never to have occurred to anyone that if this procedure is followed that the cotton growers of the South are no more nor less than highwaymen, attempting to hold up people to rob them. How much manlier a way it would be for the cotton growers to cooperate—form an organization, place a reasonable price upon their product and say to the world, we will supply you your needs at this figure, which represents the cost and reasonable profits to us.

Sometimes in discussing and agitating a question we become so obsessed with one idea that we are unable to look at the question in its entity. We have been told so often about an over-production of cotton that people have been made to believe that this is a fact, whereas it is the reverse. The world not only does not need less of our cotton but really requires more than we produce, and if the bridle, which may be called speculation, is taken off of the market we will find the demand for actual cotton outrunning production, and if production is to keep pace with demand it must be so arranged that the farmer who produces will have a profitable price for his product or production must grow less.

We, in the South, have organized a corporation for selling our cotton in an intelligent and honest way. I will outline this plan because I believe it is equally adapted to the handling of the crops grown in any other section of the United States, and I believe if the methods which we intend to put into effect in the South are carried out in other sections of the country that there will be less discussion of how the government can interfere in the personal business of its citizens and take the management of their business affairs from them. I believe this because having been shown how to make themselves prosperous the public will be less gullible concerning what paternal government may do for them. I believe that the least governed are the best governed, and I believe that government should have as little to do as possible with the private business of this or any other country. Its function is solely to see that the laws are justly made and applied in the same way to each individual, leaving the individual to supply the initiative in his work.

The plan of operation of this market system is as follows:

1. An organized corporation governed by 30 directors chosen from the cotton raising states.

2. General offices in each cotton state.

3. To make contracts with cotton growers individually for their crops to be paid for at 15 cents per pound, basis middling, in either of two ways.

   a. All of the 15 cents per pound, basis middling, will be paid in scrip, or notes of the corporation; 11 cents of this payment will be made in ''A'' scrip due and payable in 90 days after date, with interest at 6 per cent per annum and the remaining 4 cents in ''B'' scrip, maturing in ninety days from date, and bearing interest at 6 per cent per annum, but renewable on payment of interest until the cotton has been sold; or

   b. Three-fourths of the market price on the day of delivery of cotton in cash and the difference between that payment and 15 cents a pound, basis middling, in ''B'' scrip, which is renewable in each ninety-day period on payment of interest, until cotton has been sold.

4. When the cotton so purchased comes into the possession of the corporation it will be placed in warehouses under bond and insured and held until sold for 15 cents per pound, basis middling, net to the grower or owner.

5. None of the cotton held and owned by the corporation will become a part of the cotton supply of the world until a price is reached which will net 15 cents per pound, basis middling, to the farmer. Whenever this price is reached the cotton will become a part of the world's supply, but until this value comes the cotton of the corporation will have no more influence to depress the market than if it had been destroyed by fire.

6. To make this plan really effective it is necessary to have it in the form of a compact organization covering the territory producing cotton. The county organization is effected by appointing six stockholders in each county to act as contracting agents. We have been working on this organization for two years and now have about 250 counties organized. The duties of these contracting agents, or committeemen, is to contract cotton and advise of the conditions of the growing crop. The farmer is charged a contracting fee of $1 per bale.

By this method the growers of cotton will get in money or its equivalent at the time of sale as much or more for their cotton than they have averaged during the last 20 years and then will have a deferred payment due them to come when the cotton passes into the channels of trade.

Their cotton unused will be in the shape of a deposit put aside for the time of need. They will create a cotton bank, turning their cotton into a good collateral instead of allowing it to be regarded as a weight on commerce which exacts a penalty from them in place of rewarding their labor.

COOPERATIVE LIVE STOCK MARKETS.

W. H. TOMHAVE,

Professor of Animal Husbandry, Pennsylvania State College.

One of the great problems confronting the American people today is the question of its future meat supply. Government figures show that since 1900 the population of the United States has increased 26 per cent, while the supply of beef cattle has decreased 20 per cent during the same period. An interesting factor in this connection is that during the same period the slaughter of veal calves from the farms in the United States has increased 600 per cent. These conditions, with drought in many sections, has caused a general shortage of all animals used for meat production. Ten years ago the United States was one of the largest exporting countries in the world. Since 1900 this industry has gradually declined and today we have practically ceased to export meat to Europe and other countries. Chicago, which has been one of the exporting centers of the past, last year exported only 23,066 carcasses of beef, in comparison with 107,668 in 1911 and 321,301 in 1905. The total exports of beef from this country during the past year totaled less than 35,000 carcasses, as compared with a yearly average of 250,000 for the decade of 1899 to 1909. From these figures it will be seen that this country will soon begin to import meat unless something is done to meet the growing demand. Such conditions indicate that the price of meat animals will continue high and that the day of cheap meats has passed. The past few years have seen a gradual increase in the price of all farm lands and farm feeds, which has made the cost of producing a pound of meat much higher than it was 10 and 15 years ago. With the breaking up of the Western ranges and the greater scarcity of beef cattle and sheep in the country, it will fall to the lot of the average farmer to furnish the future supply of beef and mutton, as he is today supplying the market with pork. With these various changes in the meat-producing industry it has become necessary to apply better business principles, not only to the feeding but to the marketing of live stock. The old system of marketing stock through local buyers must give way to the more modern and progressive cooperative methods.

Rural communities have long felt the need of cooperation in the marketing of their live stock. Individuals have realized that better prices, larger markets and an impetus for the encouragement of improved quality and the production of a uniform article could be obtained through cooperation, and that in order to get the shipping of live stock on a paying basis, cattle must not only be economically fed but economically marketed. This cannot be done under the present system of marketing, and the only solution of the problem is cooperation. What the cooperative creameries have done in building up the dairy industry throughout the Northwest, the cooperative shipping associations will be able to do for the meat-producing industry. While this movement is still in its infancy, it has been carried on extensively enough to prove its value and practicability beyond question. Cooperation in the growing and marketing of live stock will be the leavening factor in the future development of the meat industry. The man in need of better marketing facilities is not the large feeder, who sells fat stock by the carload, but the small farmer, who has a limited number of animals for sale at different periods of the year. The large feeder puts his stock directly on the central market and gets the advantage of the market, whereas the small producer is constantly at the mercy of the local dealers. Wherever the marketing is done through local buyers, very little of the stock sells on its merits, and the common practice has been to buy most of it at one price, with little attention to quality and individuality. Many communities have had from one to half a dozen buyers, who must be compensated for their time, always at the expense of the farmers, regardless of service rendered. In many instances the profit to the buyer for handling the stock has been as high as 50 cents per hundred, after paying the expense of shipping.

HOW TO ORGANIZE COOPERATIVE LIVE STOCK ASSOCIATIONS.

In order to market live stock cooperatively, an association must be formed. It is an unwise plan, however, to organize one of these organizations hastily and without definite assurance of loyal support from the stock raisers of the vicinity. For, as in all other forms of cooperative endeavor, one failure will do more to injure the movement than can be remedied by a number of successful organizations. Immediately the price of all kinds of live stock goes up and the local dealers buy on a very close margin in order to get the farmers to desert their own organization and have it fall for want of enough live stock to ship a carload at a time. This plan of undermining local associations is generally resorted to, and if the farmers desert their own institution for the sake of a little higher price temporarily, the association cannot thrive, and market conditions will be poorer than previous to the cooperative movement. Also, it results in making the organizing of another association more difficult.

The organizing of one of these associations requires no capital, as the farmers are not paid for their live stock until the returns are received from the central market. It is only necessary to adopt a constitution and set of by-laws, and elect a board of directors, who will appoint a manager to handle the business. The success or failure of the enterprise depends to a large measure upon the manager. He must be an up-to-date, honest and energetic man, who is a good judge of live stock, and also has a general knowledge of business. The manager is required to give a suitable bond acceptable to the board of directors for the faithful discharge of his duties.

After the organization has been perfected, the place from which the live stock is to be shipped and the time for shipping each week is decided upon by the board of directors or by the association at the general meeting. It is better to ship during the fore part of the week, so as to get the stock on the market when most of the purchasing is done for the week's slaughtering. One day a week is generally set aside as live stock day. In case there is not stock enough to warrant the shipping of a car each week, the shipment is deferred until the next week. The reason for this is that it does not pay to ship a car that is not loaded to its full capacity, as in such cases the freight rate is considerably higher per 100 pounds than where the car is loaded to its maximum. In most places there is very little trouble about getting one carload of stock that is ready for market each week, unless it is during the busy season, such as spring and summer. During the winter, most of the associations have more than one car for each shipment. Some associations frequently ship as high as five or six cars per week during the shipping season in the fall. The manager in charge of the marketing does not drive out into the country to solicit the stock, as is the case under the old system of marketing, but the farmers report to him by telephone or letter when they have stock ready for market. When reporting stock they state the kind, and the approximate weight of each kind, so that the manager can get an estimate of the amount that he will have to ship and enable him to order a car of the proper size to accommodate his shipment. All farmers are expected to report their stock at least one day prior to the date set aside for marketing. On the day set aside for delivery the manager and his helper are at the stock yards to receive and weigh the stock for each patron. Each man gets a receipt made out in duplicate for the number of animals delivered, the weight on delivery and the number or mark used in marking his stock. Where all individuals are marked, it means that each man's stock can be easily identified when sold on the market.

A uniform system of marking cattle, veal and sheep has been adopted by these associations. Roman numerals are clipped on the right hip of cattle and veal calves. These numbers are clipped with a pair of small shears and is usually done before the stock is unloaded from the wagon or driven from the scales. A record is kept of each man's number and all stock delivered by him that day is branded by that same number, so that all stock reported by one number is easily credited to one person. Sheep are marked in the head with different colored removable paints, as it is difficult to clip a not numbered or mark in the fleece that is easily recognized. The hogs are numbered or marked, but are classified according to weight and quality. No attempt is made to sell individual hogs separately on the central market, except in the case of stags, sows heavy in pig, or individuals of inferior grade, which have a tendency to lower the price on the whole lot. Hogs are sold in groups, because, as a general rule, they are more uniform in appearance and quality. To attempt separating hogs at the stock yards requires too much time and a heavy loss in weight. A large group of hogs will also sell to better advantage than a few individuals.

The commission firm handling the stock on the central market reports the weights and prices received for all animals by their number. It requires additional bookkeeping, but all commission men are willing to do this work for the increased patronage. Where all stock is handled by one man, the commission firms on the central market will put forth greater efforts to secure the business, as it means larger consignments than where the stock from one locality is distributed among half a dozen commission firms.

It is not necessary to accompany the stock to market unless the manager desires to do so. The car must be well loaded, animals given plenty of bedding, and the racks well filled with hay. When a mixed load of stock is shipped, the different kinds of live stock are separated by rough board partitions to avoid loss through injury.

No payment is made when the stock is delivered, but each patron waits until the payment for the stock has been received. He then receives a statement, showing how much each animal weighed and the price received per pound. The pro rata share of expense incurred for freight, commission and other incidentals are deducted, and a check mailed him for the balance. In case the farmer is in need of money when the stock is delivered, he may deposit his receipt at the local bank, receive an advance payment and instruct the manager to mail the check there instead of to him. The commission usually paid for shipping the stock ranges from 6 to 10 cents per hundred pounds, which makes it possible for the manager to earn good wages and give the business his best attention. Other items of expense incurred are the freight and switching charges, inspection, selling and commission on the central market, and minor expenses, such as food, bedding, yardage, material for partitions, and the sinking fund.

SINKING FUND.

These associations meet all the requirements of a truly cooperative organization. Each member is protected and receives benefits according to the amount of business he transacts. Two cents per hundred pounds for all live stock handled is set aside to be put into a sinking fund, which is provided to cover the unavoidable and unexpected expenses. This fund takes care of all losses of stock which may occur while in transit. The man whose animals have been killed or injured receives the approximate amount such animals would have brought had they been delivered on the market in good condition. In this way the added expense is not charged to the car in which the loss occurred, but is taken from the accumulated fund provided for such purpose. No shipper feels the effect of such small charge on the stock he ships, and to him it serves the purpose of an insurance. All animals must be delivered to the manager in good condition. In case an animal is delivered that is overheated or shows it has been carelessly handled, it is marked and a record made of its condition. If it must be sold at a discount, or dies while in transit, such loss must be sustained by the owner.

In Minnesota there has been organized a central or state association which aids in the establishment of a uniform system of accounting and marketing for all the local cooperative selling societies. It serves as a clearing house of information to local associations. It uses its influence in promoting the cooperative marketing of live stock from the state. The secretary of the state association is connected with the agricultural college in extension work, and in that way gets in touch with localities that are in need of marketing facilities. Localities that desire to organize a shipping association may secure assistance from the state central association in perfecting an organization. It is also possible, through its agency, to bring about improvements in the shipping facilities at many local points and to secure desirable legislation, the obtaining of which would be impossible by individuals.

As a typical example of the success of these local associations may be cited the one at Litchfield, Meeker county, Minnesota. It was organized in the summer of 1908, for the purpose of securing better marketing facilities for their live stock; as a result they became pioneers in organizing a cooperative live stock marketing association, through which agency they ship the meat animals produced on the farms directly to the large packing centers. This association was watched with keen interest by the farmers and business men in many sections of the state.

During the first summer and fall they marketed 14 carloads of stock, for which they received a gross income of $11,600. During 1909 they shipped 35 carloads, with receipts amounting to $39,570. In 1910, 81 carloads, for which they received $102,163. In 1911, 104 carloads, with receipts of $114,786, and in 1912, 146 carloads, with gross returns, or an increase of 122 cars over the first year, and an increase of $169,945 in value of $181,545. All expenses connected with the marketing of the 146 carloads last year amounted to $10,319.77 or 5⅔ per cent of the gross receipts. Five years ago, when the association was founded, less than 100 farmers disposed of stock through the association. During the past year more than 700 farmers took advantage of shipping their live stock by means of cooperation. In 1908 there were six local dealers located at Litchfield, all of whom were supported by the farmers in that locality. Today the Farmers' Cooperative Marketing association is the only live stock shipper at that place. In some instances stock is hauled a distance of 20 miles to take advantage of this means of marketing. Farmers in that locality estimate that cooperative live stock shipping last year meant to them a saving of from $8000 to $10,000. Whatever the saving might have been, the farmers are satisfied and would under no consideration go back to the old system of marketing their stock.

SPREAD OF ORGANIZATION AND RESULTANT PROSPERITY.

Since the first association was started in Litchfield, there have been organized in different sections of Minnesota more than 40 such societies, and others are in process of organization. Others have been organized in Iowa and Wisconsin, and last week one was organized in Pennsylvania. Nearly all of these are doing a flourishing business, with a record as favorable as that of the Litchfield association. The most encouraging and remarkable feature about this cooperative movement is that all those that have been started are still in operation, in spite of the keenest competition, and the first failure is yet to be reported.

Just what this system of live stock shipping will mean to the farmers of the Northwest is difficult to estimate, but it seems safe to say that in another decade there will be as many cooperative live stock shipping associations as there are today cooperative creameries.

The operation of such an organization is easy and simple and is feasible and practical in almost any part of the United States where live stock is grown. It gives the farmers larger returns for all stock fed, because the cost of marketing has been reduced to the minimum. It provides a ready and steady market for which all farmers may prepare the stock and sell it without delay, getting just as high a price for their stock and marketing at as low a cost as the man who feeds stock by the carload.

The result of the movement throughout the Northwest has not only been of benefit in a financial way but has also resulted in the production of an improved quality of stock. The farmers have been educated to the point where they realize that there are certain market requirements that must be filled in order to obtain the quoted market price. They learn that better fed stock and stock of the desirable butcher's type sells for more than the inferior stock. It has not alone resulted in better feeding of stock for market, but has also stimulated better breeding.

The managers of the first formed organizations report that they can perceive a marked change in the quality of stock received now as compared with the first consignments. They are also receiving many inquiries for purebred beef bulls, to be used on the farms. Thus it can be seen that improvements along many lines are rapidly being effected — improvements which will have a great influence in the advancement of the live stock industry.

This movement has developed among the farmers better business methods in all farm operations. From the statements which he receives from the manager for each shipment, he is able to follow every detail of the transaction and see just what each operation costs from the time the stock leaves his hands until it reaches the packer. There are other lines of improvement that will eventually be brought about as the result of this cooperation. The railroad shipping facilities from many local points are not what they should be to permit of getting the stock to the central markets in the best condition. Demands made by strong organizations, such as a number of cooperative associations, will result, without a doubt, in improved shipping facilities.

Rural cooperation in the Middle West has resulted in better prices, larger markets and a more uniform article of improved quality, with a financial saving of from 25 to 50 cents per hundred on all live stock marketed. The total value of the live stock marketed annually from the farms of the United States amounts to millions of dollars; any saving that may be effected in marketing will mean an added profit to the producer and an advantage to the consumer.

Before reading his paper, Mr. Myers said:

I am sure that the last speaker and the chairman will bear with me for a moment, if I tell a story.

I happen to have been raised on a farm down here in the state of Indiana, and a year ago last summer my brother, with my help, shipped down a carload of heifers, and we kept them through that dry summer that you remember, and fed them, giving them corn in the fall, and sold them for five cents a pound. I went down to the farm with my wife and babies the following summer for a little outing, and one day my wife said to me, as I was going away, ''Won't you go in the butcher shop and get us a knuckle of dried beef?" I said, ''Yes, I will.'' So I went to the butcher, a man I had known since I was a boy, and I said to him, ''Bill, have you got any of those heifers I sold here? I would like to buy part of them back. I sold them at five cents, and I suppose I can get them for seven or ten cents, that would be a fair profit on that beef.'' He said, ''We have some dried beef,'' and he handed me a box, and I looked at it—I couldn't exactly identify it, I am not certain it was my heifers—but, anyway, it was dried beef, and now, making all due allowance for this being the finest part of the animal and for shrinkage and everything else you can count up, when he told me the price of that dried beef, I nearly fainted, and I have rather steady nerves, too. It was in a wooden box, nicely sliced and covered with tissue paper and pretty scallops around it, and on the inside of the lid somebody had stenciled in beautiful black letters, ''Blank & Co.'' I said, ''How much is the dried beef?'' ''Forty-five cents a pound.'' ''Why,'' I said, ''I sold it for five cents.'' ''Well,'' he answered, ''there had to be some profit somewhere."

Now, I don't believe that the local shipping association will solve that question. Think it over.

That isn't my subject, but I couldn't resist telling that story for what it is worth, because that is an actual experience. We sold the heifers and I bought the beef.

SOME GRAIN MARKETING PROBLEMS.

M. R. Myers,

Editor, American Cooperative Journal.

Since bread is the indispensable staff of life, the public demands persistently and in no unmistakable voice that all unnecessary expense shall be eliminated from the marketing of grain. Obviously it is impossible to discuss all phases of this world-wide problem in 10 minutes.

It seems wise to suggest that this conference appoint committees who shall give consideration within the coming year to the various operations necessary to grain marketing under our present system, of which we mention the following: production, hauling, elevating, transportation, merchandising, inspection, grading, storage, blending, milling and financing.

PRODUCTION.

Notwithstanding all arguments to the contrary, the old law of supply and demand is still the dominant factor in selling price of grain, and the present cumbersome system of marketing might readily be simplified by regulating the quantity and quality produced annually, if this were possible. So long as we produce a two years' supply of oats in one year and *insist that the world buy it in one season,* we will wreck every well laid plan devised for regulating or establishing a proper price for oats. The same is true with barley, corn or wheat.

Were it possible by the employment of scientific methods to grow the amount of grain required to feed the world each year, direct handling could be established readily, but this is beyond the control of man. In working out this problem we have always to deal either with a surplus or a shortage. The storage of grain is therefore the big problem for this conference.

STORAGE.

Lack of storage room on the farm together with lack of ready money, high interest rates, poor roads, poor quality of grain, tenant farming, ignorance of market conditions, general inefficiency and various other factors unite to cause the producer to haul the bulk of his grain to the elevator in a few weeks, instead of spreading it over the entire year. This forces the surplus of each crop into the terminal warehouses.

This grain could be stored cheaper on the farm than anywhere else, and the farmer ought to be educated and persuaded to store his grain on the farm until the world is ready to use it. This seems a well nigh hopeless effort. As it is, our public and private warehouses are located in large centers where the distributor, or as many call him the speculator, can and does carry the surplus. Being traders, these middlemen buy the grain as cheaply as their skill will allow and merchandise it for all it will bring. The economic marketing of grain demands that we provide convenient, safe and cheap storage which can be controlled by the producer or by both producer and consumer.

It has been suggested that cooperative warehouses be built at convenient railroad division points and inland towns throughout the grain belt, in which grain can be cleaned, conditioned, transferred, or stored at a minimum of risk and of expense.

BROKERAGE.

Brokerage of one cent a bushel on wheat and one-half cent per bushel on corn and oats is none too high a commission for the man or company who finances and merchandises grain under the present system. The average grain commission merchant is rendering a valuable service to the trade for which he is not overpaid. He stands guardian between the producer of the grain and the big elevator interests, which are continually struggling to control the markets of both producer and consumer.

As long as the present warehouse conditions exist, hundreds of millions of dollars must be paid annually as commissions for finding the best grain market. It is possible for the mind to conceive of a condition in which this tax could be substantially reduced.

TRANSPORTATION.

Our railroads are heavily over capitalized and if we may believe their side of the story, they have been obliged to meet advances in the cost of labor and material, which has greatly increased the cost of operation without a corresponding increase in freight rates.

For several years they have made persistent, determined efforts to increase the freight rate on grain. It appears now that they are about to succeed. Advances have been scheduled, and tariffs aggregating many millions of dollars per year in advances are now before the interstate commerce commission and will be thoroughly discussed during the next few months. In this matter the producer and consumer are vitally interested.

Justice to them demands that railroads be properly equipped with good grain cars of the correct size and that grain be hauled at a minimum of expense on which a reasonable profit only shall be paid.

It seems to us that a commission should be empowered to determine what this proper price should be. Such a commission should also be authorized to use its best efforts to prevent unnecessary long hauls of grain for milling purposes. It is apparently wasteful to haul corn from Iowa to Michigan, where it is manufactured into corn flakes, and to reship the packages into Iowa for consumption. In the same manner it is wasteful to transport wheat from Kansas to Minneapolis for milling purposes when a considerable percentage of the flour is to be consumed in the great Southwest.

GRADING.

Untiring effort should be put forth to get the farmer to grow good grain. Standard grades should be established and all receivers should insist upon buying grain upon uniform basis. Moisture tests and other methods of grading should be rigidly enforced throughout and grain should move from the farm to the mill as No. 2, or No. 3, or No. 4, as the case may be. In other words, the wide speculative benefit now enjoyed by certain mixers should be eliminated in behalf of the general public.

Every effort to standardize grades and give us uniform inspection in all markets should have the hearty endorsement and assistance of this conference.

FINANCING.

Grain is acknowledged as the very best kind of security for capital. Scientific marketing demands a low interest rate. The crop should be financed by credit societies and the interest rate should be the lowest possible. In most territories it should not exceed 4 per cent per annum. At present the crop is financed by the local bank or by commission merchants, and the interest paid varies with the locality and with seasons from 1 per cent per annum to 14 per cent per annum.

ORGANIZATION.

If we may judge the future by the past, organization will be the strongest power in improving conditions in the grain business. Legislation and market rules are corrective agencies, but difficult of enforcement in behalf of the public good.

Producers are fairly well organized. The distributors have a closer and stronger organization. The consumers are not organized.

This conference, and similar bodies, should provide methods and plans for organizing the consumers. Until recently the distributors of grain, through their strong organization, were in control of the situation and took profit unjustly from both the producer and consumer.

About 10 years ago the producers began organizing for self-protection. A drawn warfare was waged against them by the distributors, but their organization has steadily gained extent and power until today they own and operate over 3000 grain houses through which they sell many millions of bushels of grain annually. It is roughly estimated that the producers' organizations handle more than one-half of the grain that grows in North Dakota, South Dakota, Minnesota, Iowa, Illinois, Nebraska and Kansas.

Incidentally they buy for their own consumption through these same societies many millions of tons of coal, millions of feet of lumber, a very large amount of flour, mill work, cement, fencing, posts, machinery and other farm supplies.

They have organized state associations in all the above states, and it is estimated that their entire membership enrolls 250,000 farmers. The state associations hold annual conventions, and during the past year have organized a national council, which is a small delegated body created to deal with matters of interstate and national importance.

The distributors support state associations and a national grain dealers' association, a national council of grain exchanges, and have strong organizations in practically all of the leading cities of the country. These exchanges handle cash grain and the largest of them deal extensively in futures. Future trading is believed to be a necessity under the present system of marketing. We do not advocate it, however, nor believe that in the last analysis it adds one penny to the price received by the farmers nor takes one penny from the price paid by the consumer.

A sudden removal of the present future trading would more than likely result in a monopoly of the grain of the country by a few men who are at present in control of the leading warehouses. We advise, therefore, that whenever the public decides to dispense with future trading it should at the same time settle the storage question on a basis that will be open to the public and fair to all.

The splendid set of rules in force by most of the grain exchanges as they are now operated protect the producers and consumers against discriminating practices. Shippers of grain are much safer from loss, from shortages, improper grading, weights and other commercial evils than the shippers of other commodities which are unprotected by such an association. Full protection of the public, however, demands that the traders or distributors shall not control the market in their own interests. It requires likewise that the producer shall have no monopoly of the grain business, for in the last analysis human nature is much alike, and justice and equity, as well as true economy, must be produced by the proper union of producer, distributor and consumer.

The county organization plan, which has the sanction of our national department of agriculture, the cooperation of our colleges and agricultural schools, the enthusiastic support of our banks, grain exchanges and public-spirited men is worthy of the closest attention of this conference.

SELLING DAIRY PRODUCTS.

N. P. Hull, Dimondale, Mich.

Secretary National Dairy Union.

I just fancy that there are two things that will please this audience mightily, the first is for me not to say very much, and the second is for me to say what I have to say mighty quickly. I happen to be fortunate in the matter of saying it quickly, because I am from Michigan, and you know Michigan produces 62 per cent of all the automobiles made in the United States, and they have divided our people into just two classes the quick and the dead. You have to be quick, or you are dead over there.

I am interested in this matter of cooperation. Some few years ago, not only as a dairy man, but as an orchardist growing some apples, I remember selling nice red apples for 50 cents a bushel in the fall. In February, I happened to be in the city here with a friend who was a lover of red apples, and I saw some no better than the ones I sold and I said, we could consume a peck of those apples while we were here, and he agreed with me that we could. So I asked the man, "How much are these apples?" "Five cents apiece." "But I don't want them by the 'apiece.' I want a peck, how much by the peck?" "Five cents apiece." Well, I paid five cents apiece for them, but I didn't buy a peck. But it struck me as mighty peculiar that I should have received what I did, 50 cents a bushel, and then pay five cents apiece. There had not been anything added to those apples or any change made. Of course I understand that there had to be increased price, because some of the apples that I had sold may have rotted, but if they had been cared for as they ought to be, no such per cent of them ought to have rotted as made it necessary to sell them at the price they were sold for.

I commenced to investigate this matter a little and I might spend my whole 10 minutes in multiplying illustrations along that line, but I am not going to do it.

I am to talk about Selling Agencies for Dairy Products.

I have spent a great deal of time and effort as president of the American Dairy Farmers' association, going up and down this country, trying to persuade men to adopt those methods that will enable them to produce dairy products for less cost. I believe that we as producers have a duty to perform toward the public, that it is our duty to produce these products as cheaply as we can produce them, but with the high cost of feeds, with the high cost of labor and the fact that so many of our young men are going from the country into the cities, we cannot expect to produce dairy products any cheaper than they are being produced today; and unless we see a change in the trend of events, the cost of dairy products must go up rather than down.

However, when I get into the cities and find that they are paying from 6 to 12, 14 to 20 cents a quart for milk, and they tell me that they can hardly afford to pay that, I think perhaps there is something in it. I do think that there is more difference than there ought to be between what I, as the producer, receive for milk and what the consumer in the city today is paying for milk.

What is the difficulty? I stood in a certain city not a great length of time ago, a city of from 10,000 to 12,000. I stood upon one street and saw 12 separate milk wagons delivering milk upon that one street and having had charge of this part of the public work of Michigan for a time I know something about how that goes. I know not only do those wagons peddle milk in one street, but each one of them peddles milk on pretty nearly every street in that city. They simply went over and over the ground, all those different men, and there certainly was a mighty waste of effort there, it was a grievous waste of effort, a wicked waste of effort.

Just let me digress to say that in one township in the state of Michigan the other day they took a partial census, and they learned that the average age of the farm laborers in that township was 55 years. Think about the old men working on the farms, producing the food to feed the people.

What is the difficulty? The young men have been going to town. What for? To run 12 milk wagons where they ought to run but one wagon, and to run a dozen meat markets where three ought to be operating and would be plenty to take care of the wants of the people.

Now, how are we going to remedy this—here I am getting into rather deep water, because what I say to you I am not dead sure is going to work out, because I never saw it worked out, but that does not prevent our speculating a little; if we did not begin to speculate we never would be further ahead tomorrow than we are today.

What is to prevent a bureau of milk wagons in the cities? Why should not the one man who goes down the street deliver the milk to the inhabitants in that street, and save this extra expense, because it is a well known fact that the selling price is determined largely in the matter of distribution by the area over which the product is distributed. So if we have less area to cover, we can certainly distribute that milk for less money and bring those two extremes closer together, which will be a benefit to both parties.

I fancy that if this thing is altered for the better as much as it should be, it will be because a large proportion of those people in the city come to the point of dire necessity. I think President Van Hise uttered a great truth this morning when he said that the farmers failed to organize until they were forced to organize by dire necessity, and I say to you that the consumers in the city will not organize for their own benefit until they are forced to organize by dire necessity. Sometimes they have been appealed to, they have been told that it was disloyal not to patronize the forces in the city that pay the taxes in the city. They will do away with that sentiment when they begin to get pinched, so that it is either a question of changing their methods, or getting hungry, and when they do get hungry there is nothing to prevent the people in the city forming an organization that shall distribute the milk to the city and while distributing milk to the city, they may distribute cheese, butter and so on. Then there is nothing at all to prevent their dealing with the farmers' organizations that produce those dairy products, and there are such organizations dealing directly with city organizations distributing farm products, and when the time comes that that is more generally done and the farmers' organizations deal with the city organizations, it will also improve the standard of the product, which will be graded, and will overcome many of the difficulties of the city inspection of milk and I don't know of anything more galling to the producer of milk than to have a city horse doctor send out a third or fourth rate politician, who has never milked a cow in his life, to tell the farmer what he must or must not do.

When we adopt this idea of cooperation to a greater extent, and when we farmers cooperate in the production of milk, one of the things that will surely come about will be that we must keep up to a certain standard, it becomes the interest of all of us to look out for conditions, and when you can make a farmer interested in making his conditions right because he sees that it is to his interest to do so, then you will have a great deal better relation between him and the public, than you will have when the city is forcing him to this action.

It is a great big field. I am thoroughly in accord with the spirit of this convention. I just hope each one will strike out and that great good will come from it.

On motion, adjournment was taken to 9:30 a. m., the next day.

MORNING SESSION, WEDNESDAY, APRIL 9, 1913.

Mr. J. H. Worst, president of the North Dakota Agricultural college, in the chair.

THE CHAIRMAN: It is with a degree of reluctance that I accept the task of presiding over this meeting. As time is very precious and there are a large number of speakers to be heard, I shall take up no time in preliminary remarks, but we will proceed with a consideration of the program.

THE ARKANSAS PLAN OF FARM MARKETING.

H. S. MOBLEY.

President Arkansas Farmers' Educational and Cooperative Union of America.

I have no paper prepared, only a few notes upon this subject of the work that we are doing in our State.

First, I want to say that what is being done in the South to advance agricultural interests is largely along the line of production. I believe I am safe in saying that fully one-half of the crops that we produce in the South is wasted, either sold in such a way as not to yield a good profit to the producer on his investment, or not sold at all, because they have no good market, and there is a certain amount of discouragement that goes with this state of affairs that leaves a great many of these products to waste on the farm.

Now, we have found that if we can encourage the farmer to sell, and can succeed in helping him to get a good price, he is encouraged to better methods. This waste of products is lessened and improved methods of production take care of themselves very largely.

Another thing we have found is that we have had organizations all over the state, strawberry associations, apple shipping associations, cotton selling associations, all classes of non-political agricultural societies, striving and struggling to solve the problem of marketing for the last 10 years, and we have arrived at this concrete knowledge, that the farmer cannot sell his product by himself. He does not have the proper knowledge of grades, packing, car service, shipping, terminal markets, buyers, bills of lading, etc. So we have determined, in our Arkansas plan, that we will bring to the farmer in marketing his products the experience of the business men of our community, and the whole of the plan is based then on this adage, that it is to the business interest of all the business enterprises in every agricultural community to unite with the farmer in helping him to get a good price for his products; realizing this economic truth, that the price obtained by the farmer constitutes the source of the income in that community.

If the crops are relatively large and the prices he obtains for those crops profitable, the money coming into that community increases the deposits in the bank, gives the merchant larger sources of credit, pays the doctor and the preacher and everybody better; therefore it constitutes an economic principle that we must all work together. It is no longer possible or sensible for the farmer to strive to solve this problem himself, but the merchant, the lawyer, the doctor, the school teacher, the banker, every class of business man whose income is derived from the sale of the farmer's export products, must lend a hand. When we get that fully and thoroughly into the mind of the community, we have no difficulty in enlisting the broader minded business people to back the enterprise. We find that the local speculator in farm products is about the only man that is antagonistic to it. I speak of the man who speculates in the cotton of the southern farmer, or any other farm products. We find we have two classes of business men—one class who sell to the farmer, who practice law for the farmer, who preach or teach for the farmer; and one class who make their living by buying what the farmer produces at the very lowest possible price that he can obtain it for and sell it at the highest price he can get, putting the profit in his own pocket. That class of men is antagonistic to what we call the Arkansas plan, and I expect that will be the experience of every one who has attempted the marketing of the products of the local farmers; they always find this man is to be dealt with.

But we do find that there are enough of these other kinds of business people who realize the importance of an increased income for their community, who will help us in our plan. I have worked with the University of Arkansas on this rural economic work in the field and in the agricultural schools of the state, and with business organizations, chambers of commerce, boards of trade, farmers' unions, and all these agricultural organizations. We go into a community and strive to get a meeting of them all, and the plan then amounts to this: Everybody in the county forms what we call a county auxiliary; that is, everybody in the county that wishes to, joins this auxiliary and is taken into full membership. The auxiliary is incorporated to do business in selling farm products—not in buying. Each person joining signs a contract to pay an annual fee of $5 into the county treasury, for five years, realizing that a period of time must necessarily elapse before the plan can be made to have the success it ought to have. That constitutes a fund of money, which is in a sense a contribution, but in another sense a public investment on the part of those who put it in.

I realize the fact that it takes some work and some patriotism and some loyalty to get that phase of the subject properly before the people. When that fund of money is raised, there is elected a president, who should be a successful business man, a banker, or a man in some line of work like that, who is known to have the confidence of the farmers in the community, and a secretary and treasurer of the same class. Then we elect four farmers to be what we call a board of control, and what we mean by ''farmer'' in that instance, is men who really derive their income from tilling the soil.

Now, you have in your official family of that auxiliary representatives of all classes of the people.

This board of control is an auditing committee, a committee to receive grievances and settle difficulties, as well as to advise with the president and secretary in the business control and management. This county auxiliary holds meetings, one each six months, or on the call of its officers, and it is composed of its members and also delegates elected from local unions throughout the county, one delegate for each 10 members or fraction thereof.

This fund of money is used to employ agents of the auxiliary to work in the county where we have a rural agent and a business agent. The rural agent is a competent man who understands how to produce crops of different kinds, how to pack them, how to get them properly prepared for the market—he must be a competent man. He goes into the rural community, and if he finds a strawberry association, he does not try to change it into any other kind of an association or to break up its local autonomy or control of its local affairs, but simply says, ''We will strive to help you without any charge, assist you to get better returns out of your marketing. We will help you to grow a uniform berry; we will help you to cultivate it on the best plan, to fertilize it in the best way, to get your packages at the least cost, to pack that berry in the right way in crates, properly put up in the car and in every way get it ready for the buyer.'' If he finds a community where they know more about raising sweet potatoes than strawberries, he confines himself among them to the doctrine of sweet potatoes, how best to raise them and store by the kiln-drying process, which is a very simple, inexpensive process, under which we have been enabled to keep sweet potatoes in Arkansas for five years. He instructs them along all these lines.

At the same time, the business agent of the auxiliary is working along the line of procuring cars to avoid congestion in shipment, proper icing and refrigerator facilities, proper packing in the most economical way, looking up freight rates, better markets, etc., but striving mainly to the end that he may be able to bring buyers into that community to buy the product on the track after it is loaded in the car, to avoid the necessity of what we call ''rolling'' the car, or consigning to foreign markets.

We cannot always do this, but that is the thing emphasized, because the American farmer likes to deal direct with the man that gets his product, he is used to that, he is not used to dealing in a business way at arm's length with unknown parties. And he has been so often hurt in such deals as that that he has a very strong prejudice and dislike against that method. So the main idea is for this business agent to bring buyers there if he can. When he fails to bring buyers there, the next move is to strive to have men properly prepared to take the car out on the road, not to ship it to Chicago or St. Louis or Kansas City, but to ''roll'' it to what we term intermediate points that are not so likely to be visited by people selling the kind of products that we have. So we pass up the line and sell one day at one point. Then we inquire from the station agent whether or not a car of similar product is on the track in the next station ahead, so that it will pay us to visit that station, and the railroad companies have been very kind in helping us get such information, so that if there happens to be a car of apples ahead of any station that we visit, when we pull our car out from the station at which we have sold today, we pass the next station and go to the next one beyond. In that way we avoid putting more stuff into one town than the market would justify, and that in a sense helps get away from the idea of congestion in shipping to the big city. The railroad companies object to that, because it keeps a car on the road too long and it is not the most desirable form of work, but if the community pride of the people could be so aroused in the Middle West as it is in the West, we believe the time could come when—this is theorizing a little bit—when the community would own its own car for that purpose in which its product could be shipped to all these intermediate points.

We have practiced the system of which I have told you very successfully in a number of instances. Mr. R. C. Crumbie, last year, obtained for his growers 60 cents a bushel for peaches for his community where the same product consigned to terminal markets did not net the producers over 20 cents a bushel.

Our apple growers used this system very effectively in Texas towns.

Now, there is a third work for this business agent, and that is, that we strive to have men who know the St. Louis, the Kansas City and other terminal markets, and when a car has to be rolled into that market, when we can get no track buyer and no car to roll to intermediate points, and it must be shipped without sale to a terminal point, then this man who we call a ''trouble'' man, can be on hand to receive that car, know its condition on arrival, and do his best to get it into the hands of the best commission men there are at that place where it is to be sold, and sell it to them out of hand. In that way we have taken care of our perishable products to some extent—not so satisfactorily as we could have wished. I do not wish to impress you with the idea that we have done this thing without difficulty or mistake, but we have had tolerable success in that way and have given good satisfaction.

Now, this county auxiliary, with its president, secretary, board of control and two agents, undertakes to handle the situation in that way in the county.

The local agent in the country organization is posted with regard to the shipping point. These local organizations are not called upon to pay this $5 membership fee per year unless they wish to, because the ordinary southern farmer is not going to pay $5 a year for anything until he is confident as to just how he is going to get it back. We say to him, ''Do not put up anything. Simply come into the organization, and if you are a farmers' union man, pay your dues, cooperate with your farmers' union organization, build it up, with the idea that we, the business men in this county, will help you to get a market for your products, if we can.''

Going back a moment to the buyer on the track. We do not primarily try to sell a farmer's product for him wherever it is possible to get away from it; we try to teach him how to do the business himself and then we try to bring a buyer to him who will conclude the transaction. It is just the same idea as when a worker goes out and teaches a man how to raise corn, the man after all must raise the corn himself. So we go out and try to teach him how to produce his product and then bring a buyer to him, and we leave them together, except to keep a watchful eye out to see that the buyer does not take advantage of him.

That, in brief, is an outline of this plan, and it has worked very successfully.

Now, there are a few other things I would like to speak of. In the first place, under our plan, no stock is sold to the farmer, and I want to warn you against stock propositions for the farmer. He has been bitten on that line so many times I do not know whether it would go or not in this part of the world. I know it will not go in the South. I have heard gentlemen talking here about schemes to sell cotton. Now, I will tell you how we handle cotton. All this work, you realize, is elementary.

We say to a local of men who produce through all its membership 50 or 60 bales of cotton, ''Appoint one of your number your agent. Put some planks on the ground on a high place, about 2 by 4 timbers, and pile your cotton, putting timbers between each layer of bales. For $4 you can buy enough corrugated iron to cover that cotton, weighting it down. Then you can go into those bales and take samples out of each side of a number of bales, put the samples in a paper bag and address it to the state university.'' There, an expert will grade that cotton. The grade report will come back to the agent, and he will know exactly from the reports how that cotton grades. He takes his lists with him and visits all the buyers he can find, and the business agent of the local auxiliary invites for him. We seek to bring the buyers there and let them complete that transaction themselves, if possible. That is very elementary, but it will surprise you the number of people there are producing farm products, cotton, corn, apples, etc. who have no conception of merits or grades or quality, unless you have worked among them for years as I have done. When they begin to take these ideas into their minds, they begin to obtain some little information or intelligence on the subject and some of them succeed in forming marketing connections with buyers. We believe that we will not follow that line long until the American farmer will sell his cotton direct from each locality without buying any stock, without tying himself up anywhere, but in a cooperative way, between himself and his home people. That same principle brings about a mutuality, a feeling of good will which makes the business man realize his dependence on the man who is producing and the man who is producing realize his dependence on the business man, which helps to build up a community and destroys class feeling.

THE CHAIRMAN: Mr. Mobley seems to have struck pretty close to the heart of a very important phase of this work that we are here to discuss, and we will take a little time for discussion, or if you wish, to ask him any questions.

MR. COTTRELL: My work covers 14 states. I have been working for three years with Prof. Mobley. He has come the nearest to getting hold of the great mass of unorganized and unskilled farmers, and helping them get high prices of any other man working in my territory.

I want to suggest that in many cases he has taken those southern people who have no idea of grades or markets or business methods, and has helped them out and is helping them out and putting them on their feet.

MR. LONG (of Wisconsin): I would like to ask the brother how he pays for the work that he has outlined; from where does the pay come? How can I or any other man take up the work if I have not any money to put into it? The expense of putting these skilled men into the different sections amounts to considerable.

MR. MOBLEY: The University of Arkansas has put in this department called ''Field Work in Rural Economics.'' It has to do primarily with the marketing phase of farming. We go into a town where we think we can get the most help, and we go to the business organizations. The university pays that first expense. We try to unite these business organizations, and get them to put up this first money to initiate this work; then we follow it up in the county, the work being done by a university man, until the people are brought in and the thing is started. Then we try to nurse them along until we get enough money to do this work on.

MR. LONG: And what will we do where the university will not furnish those men?

MR. MOBLEY: Well, I feel this way about that: I believe that any man who has a business proposition that is worthy and has got the power to execute it, that he can go into any community of men where his business proposition is adaptable and make it go himself—I know he can do it.

MR. LONG: He can make it go, perhaps, but what tactics would he use in order to make a success out of it, where would he put his tax on this work in order to get the money to work with? Would it be so much on a bale of cotton, for instance?

MR. MOBLEY: That can be done. The grading of this cotton could be done at so much per bale. I know they would be glad to pay it if they could be persuaded that they would get better prices. We raise lots of apples also in Arkansas, but it is said that the difference between what we call the flat rate on a bale of cotton and the grade rate is about $10 on the average. If you can go to the farmer and say "I will charge you 25 cents a bale for grading your cotton," there are very few, gentlemen, but who would jump at that chance and put that money in. There are a number of ways by which you could finance it.

MR. LINN (of Indiana): Do I understand that the money that you get from the business man, you get because he expects to get it back off the farmer?

MR. MOBLEY: Of course we all know the business man sells the farmer his supplies and necessarily makes a profit, and we simply ask him to give some of that back.

A DELEGATE: I would like to ask the gentleman if he would knock out the profit sharing system entirely or the cooperative system?

MR. MOBLEY: I have studied cooperation 20 years and if I understand it at all, what I have said is properly cooperation—nothing else.

MR. MCKERROW: Have you gentlemen tried any purely farmers' cooperative work along this line by the farmers organizing into cooperative stock companies and furnishing their own money, doing their own business and taking their own profit?

MR. MOBLEY: I have been intimately associated in working through the farmers' union since its organization in Arkansas, and am at present its state president, and have helped to organize a great number of cooperative associations; but I find this, that the ordinary farmers' community, among us, does not possess the business ability to justify us to risk their money in stock propositions. About 95 per cent of them have failed and must fail. I am afraid of asking the farmer to go into enterprises in which he is to put up money.

MR. MCKERROW: If you will pardon me, I will say that localities differ. No doubt we are very much different up in Wisconsin from what they are in Arkansas. I have been trying to investigate this matter for 25 or 30 years, and we have found that where the farmers furnish their own brains to organize themselves, put up their own money in a corporation, all dividing the profits equally, that they will then be a success. There are many instances where they have been the greatest successes that we have to point to in the state of Wisconsin. I do not know how it is in other states. We are here to get to the bottom of this thing, and if possible, see how we are going to organize and do business jointly; or, in other words, do teamwork.

MR. DU CHARME (of Arkansas): We have in Arkansas, Louisiana and Texas the Southern Rice Growers' association, a stock company, with a capital of 10,000 shares at $1 a share. No person is allowed to hold more than $50 worth. Dividends are limited to 10 per cent. We have been organized three years. We took the rice, selling at $2.25 a barrel, and have put it up to $4.50 or $4.60 in two or three years. It has been a success, and we do it on the commission basis; we simply charge 7½ cents a sack for selling rice, and use that money, the proceeds of our commission, to defray the expenses. Our office is in Beaumont, Texas. We have a general manager and a sales manager, with district managers over all the states. Then we have local graders. Our rice is sold from sample, sometimes in competitive bids, or, if the seller is willing to take the price that is put upon his product by the grader, he has him sell direct to any particular mill that he wishes to. We have made a stable market of our rice in that manner.

MR. MOBLEY: I am familiar, not with all the details of this rice growers' association, but with the great work it has done. I want to call your attention to the difference between the gentleman who has just spoken and myself. The rice growers were men who have usually a large idea of business, bank credits, much better educations than the average farmer, a higher standing in the financial world—much above the mass of farmers—and I will say to you that they have taken care of themselves, because they are able to take care of themselves, because they have knowledge and business experience of how to take care of themselves, which they have acquired in loaning money, and in other ways which have enabled them to invest in pumping plants, in running land levels, etc., and they are the most perfect organization of farmers in the South, without question. But I have been talking this morning with regard to that great multitude of little fellows, who are ignorant and helpless, and for whom there has been no help in Arkansas, except this plan I propose. We little fellows cannot try to copy Carnegie and the steel trust. I am for cooperation and for the community idea used in a way that will help fuse the whole thing. We will work with you down there and we will get you to give us some money to help the other fellows.

Mr. Du Charme: And we will do it.

Mr. Mobley: Thank you.

A Delegate: This gentleman said that the farmer has been trying the farmers' union. Have not there been lots of failures on account of local competitors who didn't want them to go in business, even to the extent of boycotting the drummers who sold goods to them? And they influenced the truck men to refuse to haul their goods, and other things of that kind.

Mr. Mobley: My dear, sir, you haven't had any more bitter experiences than we have, and there is not any more gall in your heart than there is in mine. There has been plenty of that sort of thing, but we have simply got to cut that out.

Judge Kone: I have some knowledge of the rice business, and I think this Southern Rice Growers' association is the best organization of farmers that I know anything about. It is true, as the gentleman says, that there are a good many men in the rice business and in Texas who are able to take care of themselves, but I want to call the attention of this organization to the fact that there are many small rice growers, as well as big ones. There are a good many renters. But this spirit of cooperation existed among those people and the big ones took care of the little ones, and that is what we want to do. We want the whole thing to work together and be of benefit to the little man, as well as the big one.

A Delegate: I would like to ask this brother from Arkansas a question as to raising money for the organization. Do you find that in the average community, the railroad shipping point, that the local merchant, banker, etc., is willing to chip in to help such an organization?

Mr. Mobley: I have been most agreeably surprised and gratified in that respect. Once I go into a community and explain the idea and they grasp it, we have no trouble in getting sufficient money for our purpose. They are glad to give it to us. I fear there are some of you who have not understood me in one respect. The big rice growers can and do take care of the little rice growers. Why? In self-defense. If they didn't, the little rice growers would come in under them and knock the bottom out of the price. I have been all over that field. It is a fact, you know, that may just as well be realized, that in an agricultural community anything that is worth having—the brick and stone building, the sidewalks, the street cars, the roads—everything finally comes out of the farmers, and when the town merchant or banker is asked to help this thing along, we are simply asking him to help to organize to put money in his own pocket so he can build better roads, better churches, better schoolhouses. We simply ask them to quit fighting each other and work together. That is the advice I am preaching.

Mr. DuCharme moved that Mr. Daggert of Louisiana be given an opportunity to explain the history of the Southern Rice Growers' association at some time during this conference.

Mr. Peter Radford asked the same privilege on behalf of the farmer's union; and Mr. Hull of Michigan thought that the grange should also have an opportunity. Later on, in the same session, on motion duly seconded, it was arranged that an extra session of the conference should be held in the evening of this same day, at which time representatives of all associations desiring should be heard in 15 minute speeches.

RELATIONS OF THE GOVERNMENT, AGRICULTURE AND THE RAILROADS AND THEIR BEARING UPON BETTER MARKETING.

B. F. YOAKUM,

Chairman Board of Directors, Frisco Lines.

The two biggest factors in America's growth have been agriculture and transportation. These have laid the foundation which has made this the greatest and most powerful nation of the world.

The government cannot abandon its regulation over the railroads. Such a course would be unwise, but now that their regulation is in the hands of the government, a policy should be adopted that will offer a fair return to the railroads and the facilities which they must furnish to properly take care of the freight and passenger business which they are charged with handling.

Let us look at the relations of the government, agriculture and the railroads from another view point: Since 1905, our population has increased 16 per cent. The value of the farm products of 1912 was 51 per cent more than in 1905, while railroad construction was 40 per cent less. During

President McKinley's term and the two following Republican administrations, the average of new railroad construction was 5000 miles a year, until the last two years of President Taft's administration. There are now not over 1000 miles of new railroads under construction. On June 30th last, it was officially stated by Mr. J. L. Payne, comptroller of statistics, that there were 10,000 miles of new railroad under construction in the Dominion of Canada. This makes our 1000 miles spread over our vast territory look insignificant.

The country west of the Mississippi river is rapidly becoming the producing territory of our agricultural products and is more in need of additional railroads and suffering greater from a lack of transportation facilities than the country east of the river. It would require the construction of 165,000 miles of additional railroad to furnish the same transportation facilities west of the river as there are east of it, on the basis of area. That great area of rich country cannot grow as it should on 1000 miles per annum of newly built railroads.

Our public men as a rule have not yet realized what confronts us in the way of agricultural development. Their time has been taken up with other matters. The production of farm food supply and its movement from the farm to the market and its relations to the consumer require the same scientific and intelligent consideration as do raw material to the manufacturer and its relations to the consumer in readjusting our present tariff schedules.

I believe in the readjustment of the tariff; but the importance of the saving that can be made on field products compared with the saving by tariff reform is shown by the following: If congress should wipe out the entire tariff collected on every article that comes into this country from every place in the world, on last year's collections it would only amount to $326,000,000, while the waste which falls upon the farmers of the Nation means an annual loss of over five times the entire amount collected by our custom house collectors on every article coming into this country, as is shown by the following figures on products which decay in the fields and waste under our loose system of distribution:

100,000 carloads of fruit and vegetables which rot on the ground from the lack of shipping and storage facilities and knowledge of receptive markets, at $350 a car	$ 35,000,000
Loss in corn stalks, rice, flax and other grain straw, now burned	250,000,000
(Professor Kennedy, of the Iowa State College, estimates the loss on corn stalks in Iowa alone at $50,000,000.)	
Additional amount which the farmers should receive if by cooperation they knew when and where to sell their products to best advantage	1,500,000,000
Total	$1,785,000,000

Two striking news items appeared in the morning papers of the 25th of last month. One stated that the income tax problem was being considered at a conference by President Wilson and Hon. Oscar W. Underwood as to the best way to raise $100,000,000 through a tax on incomes. The same issue announced that the committee on markets of the national housewives' league and allied consumers' committee submitted to the mayor and board of estimate of New York a plan for a direct market system from farm to consumer, which would increase the return to the farmers for their products and save the consumers in New York from $60,000,000 to $100,000,000 a year. Here we have the national administration working to solve the best way for raising an additional $100,000,000 annually to pay the already exorbitant and wasteful expense of the government, and a civic organization on the same day presenting better market plans to increase the farmers' profits and save the consumers from $60,000,000 to $100,000,000 annually in the City of New York alone by cutting out unnecessary waste that is nation wide, the importance of which has not as yet apparently impressed the federal authorities.

BUSINESS EFFICIENCY DEMANDS BETTER MARKETING METHODS.

That a need for a better method of marketing farm products exists let us admit without argument. The important question for this conference to consider is to find a concrete, practical way to get direct and effective results. If a business firm owned a number of farms which produced 5000 carloads of products annually which must seek a market in large consuming centers, they would not ship these cars each day to different markets and trust to luck as to whether their products brought a good profit or whether they came out in debt for labor and freight charges. A firm engaging in such large farming operations would figure interest upon the land and money required in the expense of planting, cultivating and gathering their crops. Knowing that if perishable commodities were not promptly delivered at the market they would deteriorate within 24 hours to such an extent they would be reported in bad condition and sold for what they would bring, one of the first things such a firm would do would be to build warehouses and cold storage plants to enable them to hold their products and ship them as the market would take them at a profit.

Such a firm would also have a manager who understood the warehouse and cold storage business, as well as commercial methods; one who understood where and how to sell to get the best market prices. Such a firm would know every day the stock of products on hand in every big market of the country and the prices that the different products were bringing in the different markets. They would not stop at this. They would arrange with reliable commission merchants at the different markets to handle their business on terms to be agreed upon. This is an illustration of what a business organization producing 5000 carloads of products annually would do.

The facts are that 5000 carloads of vegetables are produced in the section of country between Houston and Brownsville, Texas, by 1250 farmers. These 1250 farmers are shipping over the country without much system and without warehouse and cold storage facilities to properly take care of and hold their fruits and vegetables. They have no warehouse of their own at the producing end nor agents at the consuming end, and thus place themselves at both the point of origin and destination at a disadvantage contrary to all commercial rules and regulations. These farmers are forced to ship their products every day regardless of price or see them rot in the fields because they have no cold storage warehouses which would save their fruits, melons and vegetables.

When you consider that the city of New York alone receives 250,000 carloads of perishable products annually, you can form an idea of the great magnitude of this business in the United States, and also the enormous loss to the farmers under the existing methods of handling their business, as against a business system which would insure to them a larger proportion of the price paid by the consuming public for their products. This business is now being conducted in a manner by which many thousands of cars are being dumped on congested markets, causing one of the greatest wastes of the age.

In considering the question of profits of all who handle foodstuffs from the producer to the consumer, a fair division of the profit should go to each interest in proportion to the service rendered.

There are three important factors which enter into this question of waste and the proportion of profit which goes to each interest:

First—The man who produces.

Second—The railroad which transports the products to the markets.

Third—The cost of selling and distributing after reaching the markets.

The federal government, in its annual report, tells us that the producer receives less than 50 cents for what the consumer pays $1. A carefully prepared estimate shows how the cost of foodstuff is divided. On the basis of a $9,000,000,000 crop, it is estimated that one-third remains upon the farms. Therefore, the following gives a pretty accurate distribution of the $13,000,000,000 which the consumers pay for $6,000,000,000 worth of products sold by the farmers.

Received by the producers	$ 6,000,000,000	46.1%
Allow for a reasonable expense of selling, and dealers' and retailers' profits	4,945,000,000	38.1%
Waste under existing market methods	1,560,000,000	12.0%
Received by the railroads	495,000,000	3.8%
Total	$13,000,000,000	

Through this analysis we can determine if the time has not come for congressmen to awaken to a neglected duty and aid in a readjustment of methods in marketing the foodstuff produced by the American farmers and sold to the people.

THREE GRAND DIVISIONS OF DISTRIBUTION PROBLEM.

The problem of distribution of farm products comes under three grand divisions:

First—Storing and packing at the shipping station.

Second—Transportation facilities and freight charges to the market.

Third—Selling and distributing at the market centers.

They all have important relations to each other, and one cannot be given practical operation without consideration of the other two.

We are now squarely up against the plain question of what is to be done. The problem is not as simple as increasing crops or live stock production. It is as complicated as it is immense in volume and calls for treatment different from what has ever been given in this country. From other countries we get some good suggestions as to what we should do, but our country is nearly as large as all Europe, and conditions are so different that we cannot get as much help from across the sea in the way of business methods in marketing our crops as we do about soil, breeding and other lessons which we are learning from the older countries.

One of the large actual wastes is caused by decay of fruits and vegetables in the fields. To prevent this rotting on the farms when the food is needed in the cities, the government, through a national market bureau, should encourage the construction of storage warehouses for holding perishable fruits and vegetables and for packing and shipping farm products.

The government is now spending $16,000,000 a year and most of the states contribute large sums of public money in addition for the benefit of agriculture, to pay for experiment stations, to restore the soil, increase the yield, improve breeding and dairying, reclaim by drainage, study plant life, protect trees and many other kinds of excellent work. Inadequate marketing facilities and impossibility of distribution hurts every one of the above efforts.

It is therefore the plain duty of the government to aid in pioneering work for better market conditions. Proper packing and shipping are as necessary as successful farming. It will probably be charged by some of our congressmen that such educational work will be expensive. It certainly will be, but it is worth the money.

This winter cabbages were rotting in Texas because farmers could not get $5 a ton for them, and at the same time hungry people in cities were willing to pay at the rate of $50 per ton. Apple eating is going out of style because orchardists cannot get fruit to the flat dwellers and poorer people at prices they can afford to pay. The government pays large sums of money to show how to spray apple trees. It should pay something to show how to market the apples.

A representative of a truck growers' association recently wrote a letter to me from which the following extracts are taken:

''At shipping stations of sufficient importance there should be a real packing house with a warehouse for storing and packing the products. Then the association would be able to say to the farmers, 'Bring your produce to the warehouse in bulk, and the association will do the packing and shipping.' The farmers would undertake to build these warehouses and begin it tomorrow but for one obstacle, lack of funds. The farmers have not the funds. They recognize the necessity but have no means of meeting the issue.''

The manager of this truck growers' association wants to find a way to provide $50,000, as he puts it, not for any individual or selfish interest, but to help the farms to properly equip themselves for storing, packing and shipping their products in the most merchantable way. Under such conditions, they would be able to change their farming operations from a doubtful business to one of profit. This is only one illustration of hundreds throughout the country.

RETURNS TO FARMER ARE MEAGER.

The average farmer does not receive enough net return from his capital and the labor of himself and his family in raising his crops. After allowing for taxes, insurance, rents, interest on investment or farm mortagage, wages of hired labor, feed for animals, fertilizer, repairs to buildings, fences, wagons, harness and tools, horse shoeing and all other like expenses, figures carefully prepared for me show that the average net return for each one of the 6,500,000 farms in the United States is less than $700 a year, or less than $2 a day per farm.

This means that the average farmer has less than $2 a day with which to support himself and family, an average of four and one-half people. Less than $700 a year to provide for clothing, food, sickness, life insurance, church, charities, travel and pleasures for a whole family. Food is included as a part of the expense for although much of it comes off the farm, nevertheless it has a certain farm value and represents the money into which it could be turned if not used to support himself and family, and should, therefore, be included in the farm cost of living.

While gross returns from farms have increased during the past few years, expenses have also increased, so that farmers are obliged today to pay from 35 per cent to 100 per cent more for their clothing, implements and tools, wagons, harness, etc., than they were 20 years ago. During the same time hired farm labor has gone up over 50 per cent in cost.

When we consider that there is an average of two workers on each farm, aside from hired labor, and that the average net earnings per day of each of these two is less than $1, it needs no further argument to prove that the farmer is not getting a reasonable net return for his investment and labor, and that it is a business not calculated to attract others to engage in it, or to keep sons and daughters of farmers on the farm.

As I understand it, this conference is for the purpose of analyzing and getting at the facts as to where the farmers of this country stand in relation to earning power made from the profits of the farm which we will compare with the earnings of others employed in other lines of business; the business of the farmer is much more hazardous and risky, as he must take chances on all kinds of weather, storms, and disasters that often wipe out his entire year's earnings.

Let us consult the government reports for a moment and see how many hours those engaged in different occupations work to earn one dollar:

Mechanics, working on plows, hoes, harvesters and reapers......	3	hours
Wagon and harness makers..................................	3½	hours
Railroad employes engaged in transporting products of the farm to market..	2½	hours
Farmers, based on farm values last year......................	10	hours

To make this clearer, the mechanic who works in factories making the plows, hoes, harvesters and other implements which the farmers use to earn one dollar, works three hours. The automobile, wagon and harness maker for the farmers' use works three and one-half hours. The railroad employe who runs the trains which haul the products of these farmers to market works two and one-half hours to earn one dollar. The farmer, who does all the work of producing, takes all the risk of drought and other hazards that go with farming, works ten hours to earn one dollar. Is such a division of the product of labor fair? Have the men whom these 6,500,000 farm owners elected to represent them in congress and state legislatures given them due consideration?

The railroads are an important factor in this question, and there is nothing to be gained but a lot to be lost by grinding the railroads to a point where they cannot make sufficient money to do their share towards cutting out the farm waste. The better the railroads are, the more expeditiously they can haul the business, but they must have the money to put their roads in proper condition for safe and economical operation.

Vegetables cannot be hauled in coal cars and fruit cannot be transported in cattle cars. The vegetable and fruit business must have the best up-to-date cars to handle the business from the farms to the markets in the best condition. The railroads want to do their share in providing economical and extensive means of handling food to the different markets of the different cities, but the cost of doing these things and many others not enumerated is very large and will call for hundreds of millions of dollars. As things now stand the railroads are unable to do as much as they would like to do. The reason they cannot do this is that they cannot find the money to pay for additional facilities and aid in many ways to build up the agricultural interests.

On most all big economic questions, the public jumps at conclusions rapidly. In many cases it acquires only a superficial knowledge, rather than an intelligent understanding of subjects under consideration.

Many have talked and written of the disadvantages that American farmers have in financing their requirements as compared with the farmers of other countries, which to a large extent is true. Under foreign cooperative organizations, farmers of the different communities place their lands and property back of their credit for the benefit of the different individual members of such societies. Such a system probably never will be as successfully accomplished in this country as it is in the older countries. Economic students of this question tell us that we should study methods of other ountries in respect to the subject of financing the farmer. The fact is that we should improve upon them, especially those initiated 75 years ago.

Of the foreign institutions which make loans on land and land mortgages, the credit foncier la France has done much good and been very successful. This is a semi-governmental institution organized in 1852 with a capital of $2,000,000, since increased to $40,000,000. The governor and two subgovernors of the credit foncier are appointed for life by the president of France and three of its directors must be officers of the treasury department of France. The remaining 20 members of the board of directors are elected by the stockholders. The credit foncier has outstanding debentures amounting to $1,500,000,000 and its 3 per cent debentures are selling in Paris at 96 per cent of their par value. Recently they made a public offering of a loan of $100,000,000, which was many times oversubscribed.

EUROPE HAS POINTED OUT THE WAY.

In Germany there is an institution—the landschaften—which loans the farmers of Germany on favorable terms, and which has been very successful in aiding the farming industry of that nation.

In my study of this and kindred questions in connection with agricultural development, I have talked with many people in the West and in the East, and there is a general concensus of opinion that the formation of a company to operate under a federal government charter authorized to engage in agricultural development would be a move in the right direction and would form the basis for building up an institution which would be vastly beneficial in aiding the farmers in getting their money at better rates of interest and for long periods. The farmer's difficulty is not altogether in the fact that he must pay from 6 per cent to 10 per cent for his money, but also that he must renew his loans every 6 or 12 months, burdening him with an additional expense through lawyers' fees for examination of titles, discounts, etc., all of which, however, he can usually meet except when drouths and other unavoidable disasters cause a loss of crops, which frequently occur and force many small farmers into bankruptcy through which they lose their homes, and, becoming discouraged, give up farming and seek other employment.

An institution in a general way similar to the credit foncier could be organized in this country under a federal charter. It could be made semigovermental in character, with the secretary of the treasury, the secretary of agriculture and two other government representatives as members of the board of directors. It could be made a stock company of $50,000,000 capital, $5,000,000 to be sold at not less than par, with an additional amount not exceeding $5,000,000 to be issued in any one year, as approved by the board of directors, consisting of the above-mentioned government representatives and others selected by the stockholders. It could also be authorized to transact business in foreign countries to get the benefit of a world market for its securities.

Under such a charter, branch organizations in different states could be authorized where the state laws did not conflict with the policy of the parent charter; the board of such state organizations could be represented by a board of directors, the governor and such other state officials as might be deemed best.

A thorough organization to ascertain values of property offered for loans would be an important part of the plan.

The objects of the company should be to loan money on mortgages not exceeding in any case 50 per cent of the ascertained value, in amounts to be repaid either in installments or long terms; to purchase and sell land mortgages, bonds or land debentures, with authority to loan produce growers' cooperative associations where properly organized and incorporated under the laws of any state or states giving safe protection to lenders. Such loans to farmers' associations should be confined to warehouses, elevators and cold storage plants, all of which should be constructed under rules and specifications approved by the federal company. The loan in no event should exceed 50 per cent of the actual cost of the property, which should be located on land owned by the agricultural association applying for the loan, or on land under lease for a long term of years owned by or adjacent to a railroad, where track facilities could be had to expedite the movement of products to and from such warehouses.

Loans should be made only on such warehouses, elevators or cold storage plants as conformed to the requirements of the banking laws in the issuance of negotiable warehouse receipts, either in the forwarding warehouses, elevators or cold storage plants, or warehouses constructed at market centers from which distribution of the products were to be made.

In going to the public and to Washington, it should be made clear that you are not asking the government for funds to build up agricultural credit, but only for its friendly cooperative interest in building up a financial institution which will, with proper security, enable those engaged in farming, to find money at lower rates for a long period on installment payments. Neither should your action be antagonistic to present banking methods, banking interests or any national monetary system that may hereafter be adopted. You have the friendship of those now engaged in banking business. They can and will help in any work that means more to the producing class. In fact you should go with well developed concrete plans specifically stating what is wanted to accomplish definite results in the interest of better farm credit and market facilities. Otherwise it will result in a repetition of what the farmers have had for the last 20 years, which consists of a long string of talk from public men telling them of their unfortunate plight as tillers of the soil, and of their sufferings under the grinding monopolies of the country, all of which has been very successful in getting the farming vote, but which has never added a dollar to the bank account of the farmers. They have received lots of ''advice'' for their political support, but what they need and should have is substantial aid, something that means more real cash.

MR. AUGUST GEWEKE (of Illinois): I would like to add a little of the farmer's troubles to the speaker's statement. The biggest trouble that the farmers have is to get cars into the large cities.

I refer to Chicago alone, where it takes four days to move a car 10 to 15 miles, a car loaded with perishable goods, the produce of our farms. This thing has accumulated in the last five years.

Ten years ago we could get a car at the team tracks in one to two days at the longest. Now, the regular time is from four to six days and three days is the quickest we can get it in; 11 and 12 days will often happen. Now, this thing is a great damage to the producer. He will lose over five per cent every day his product stands in the car and I didn't seem to hear anything in all these teachings and the literature of the railroads that seemed to be likely to help us. I am only 15 miles from Chicago, and sometimes I cannot get a car in here until two or three weeks, and it will always take from three to ten days. I have known it taking from four to six days to get a car in here from three miles from the city limits. This applies to the South and all over.

I don't believe the people in the West know how long their cars stand in the yards in Chicago. I trace them up sometimes so I know. The stuff in the winter is subject to frost, and in warm weather to overheating and decay. There is no weather in which the stuff gets any better in the car. The people want the stuff to eat, and we want it delivered, but there it stands. We can't get any damages, unless a whole lot of stuff is spoiled and we would like to see something different.

Mr. Long: I think the brother's proposition is not germane to this question, but I want to suggest to Mr. Yoakum that the next time he writes a paper, telling how many hours it takes to get off a car, that he also put in how many minutes it takes him to get it in.

The question now is, Where are we going to get the large amount of money for these cold storage houses? Does the gentleman mean that the government is to furnish the money to build them?

Mr. Cottrell: I don't know. That paper was handed to me this morning to read and I don't know what he means.

Mr. Long: It seems to me the suggestion is that the money is to be furnished by the government, and the farmers' organization, whatever it may be, is to build this warehouse.

Mr. Cottrell: No, the farmers are to put up the money.

Mr. Long: Then if the farmers are to put up the money and organize, then why not do just as they have been doing in the case of the railroads? Instead of putting up money, let them sell bonds, and then take the bonds to the government and get brand new money for it without any interest as the railroads do, or the national banks. They don't pay a cent of interest, and over $720,000,000 of the people's money is in the national banks today, and they don't pay a cent of interest.

THE CHAIRMAN: After all this discussion, I presume it will be in order for this conference either to appoint a committee, or in a general way, to try to arrive at some concrete conclusion of some workable plan. Now, I notice in the old country they have a system there which perhaps is not new to the greater portion of this audience, but actually in the little country of Holland the farmers manufacture their products and get them ready for shipping. Every farmer there is a member of the agricultural society, whether he owns land or whether he is a renter.

The agricultural society and the government jointly appoint selling agents to sell their cheese and butter, or the starch which is made from their potatoes, in the markets of the world. The selling agents get one-half of one per cent for the service they render, so that after setting aside five per cent for depreciation and repairs and one-half of one per cent which goes to these commissioners as a selling commission, after deducting this five per cent and one-half of one per cent from it, the world's market for cheese or butter fixes the price of a bushel of potatoes or a gallon of milk or cream. The farmers there subscribe stock to build starch factories or creameries or paper mills or breweries, or distilleries, where they convert their rye into gin, their barley into beer, their straw into paper, their potatoes into starch and their milk into cheese and butter. Each person subscribing stock obligates himself to furnish material—raw material—in proportion to the number of shares of stock. If it is potatoes, he takes one share of stock in the erection of a starch factory and he furnishes a certain number of bushels of potatoes, so that when the money is subscribed and the factory is built, the raw material is guaranteed. In this way they seem to have a working plan that gives the farmer the full value of his raw material, because he himself becomes a manufacturer.

There is one remarkable thing about that country—you know it is below the sea level and all cut up with canals and waterways, yet none of this water ever gets into their stock. I put the question to a number of farmers this way, I asked: "What advantage is there in your system?" And they said: "When the capitalist fixed the price of our potatoes we could scarcely get a living, but now we get all the capitalist got plus what the capitalist gave to us, and we are doing very nicely."

I do not know whether a system of that kind can be made to work in this country, because our conditions are vastly different, but it would seem to me that this body is entirely competent to work out some workable plan that shall be nation-wide, that can be used in the South, the East, the North and the West, though perhaps differing somewhat in the different localities, but to get a hold of some working plan, and I presume for that reason certain committees are being asked for at this time.

MR. LONG: What part does the government play in this system you speak of?

THE CHAIRMAN: The government fees the man who is finding the market for their goods, all above the one-half of one per cent. They have an agricultural bank in which the farmers deposit their money, when they have any, and if a man is a renter and unable perhaps to purchase this stock, he goes to the bank and borrows money at five per cent. It seems their system of credits runs about this way, if a man borrows money for 5 or 50 years—instead of borrowing the money, he simply borrows credit, gives security for a certain amount of credit, and any time he has a little money on hand he can deposit it and stock issues to that extent, or he can draw that much out again. The government is back of the society that fosters this matter.

MR. TOMLINE (of Indiana): Our community has followed Mr. Yoakum's idea very closely, and we have demonstrated that it will work, it has been very successful.

JUDGE KONE: I want to call the attention of the assembly to the fact that we have a committee, of which Mr. Kirkpatrick of Texas is chairman, whose duty it shall be to take all these papers and all the suggestions made here and put them in concrete form, and try to evolve a system that we can adopt. That is the purpose of that committee on resolutions.

RAILROAD AIDS TO MARKETING.

W. R. BEATTIE,

Agricultural Commissioner, St. Louis and Southwestern Railway Co.

I just came into the conference this morning, did not hear the sessions yesterday, but I take it that we are here to discuss, not to solve, this problem. I doubt if this problem is going to be solved for a great many years, but I do believe that the foundation upon which it is going to be solved is one of cooperation.

I have heard since I entered this hall this morning some suggestions during the discussion that struck me as rather selfish, I might say, and I do hope if we are going to undertake this from a business standpoint, that we are going to leave all factionalism out of it, because we certainly cannot solve it if we are going to pull first one way and then the other.

The very foundation upon which we must begin is cooperation of the farmer himself, and I believe that from the marketing standpoint that the place to begin is the small organizations among the farmers. Encourage our farmers to standardize their methods. The average farmer is not a business man. That is the reason he is working for less than one dollar for a 10-hour period. Until he becomes a business man and so systematizes his operations that he can make more than a dollar in 10 hours, he is going to be in exactly the same position he is now.

My work is with the farmer, and I find that they have all sorts of ways of handling their stuff, packing, shipping and selling of their products. One of the reasons for this is that we have no fixed, standard laws regarding packages and the method of handling. One section is putting up a certain product in one kind of a package; another section in another kind and these are all being accepted on the markets. Until we do have standard packages and methods of packing, we cannot expect to get standards of prices.

Now, from the railroad standpoint. The railroads are straining every nerve to meet the demands brought upon them. In the case of the railroad that I represent, the St. Louis & Southwestern, our mileage is great, our haul is long, and we have to work under great difficulties, and a very small percentage of what the consumer pays goes to the railroad, but out of this small percentage we are compelled to meet the losses of decay and all kinds of complaints from everybody concerned. Perhaps if we had a definite system of packing on the farm and a system of distributing these products, there wouldn't be so much trouble on the question, for instance, of congestion. Last year we handled 2700 cars of peaches out of Texas, without the loss of a single car, and 800 cars of tomatoes. We had no difficulty on our end, but there was difficulty on the other end, because of the lack of systematic distribution. One day we had a glutted market and the next day none.

The railroads are conducting a campaign of education. Mr. Cottrell is better able to speak on this line than I, but we are conducting a campaign of education. I say, gentlemen, that it is through education that we are to solve this problem. It is not through forcing legislation, or even through the adjustment of farm credits, but through the education of the farmer himself and everything that works toward that end will be working to the ultimate object for which this meeting has been called.

MR. BRADY: No matter how well the railroads transport things to market, they have got to have some way to get rid of them after they get them on the team track. I have had great experience, I have worked in gardening work, and on farms, and I have railroaded 10 years, and I know both ends of the route.

Years ago, when I was a very small boy, if we raised a dozen cabbages they charged us a license. We went to the legislature and had a law passed that they couldn't charge a license for anything raised in the state. I think when a city has become overgrown, like our town, you have got to have distributing power in the city.

I know both ends of this thing, and it seems to me no matter how good the railroads get them into the city, there has got to be some way of getting these products to the consumer, and the quickest way is to sell it to anybody at the car and stop all this graft.

WHAT THE GOVERNMENT SHOULD DO TO AID IN THE MARKETING OF FARM PRODUCTS.

HATTON W. SUMNERS,

Member of Congress from Texas.

Is the matter of marketing farm products of concern to the government? If so, what should it do with regard thereto? Governments have been established among men for no other purpose than to afford them the machinery by which they can protect themselves and work out the common good. Those things which concern the individuals composing the government are matters of governmental concern, and when the individuals acting as such are not able to deal properly with a given situation affecting the body of its citizenship, the dealing with that situation becomes a government duty. As the necessities of the people change, the scope of governmental activity must change.

Among the many problems which present themselves to this generation for solution, none is more important, more difficult or far-reaching in its touch of the vital interest of all the people, than the establishment of such a system of distribution of those prime necessities which come from the soil, that the individual consumer, wherever he may live, can have sufficient for his daily needs and protection against the rapidly increasing danger of hunger due to the ever present uncertainty as to the volume of production. This uncertainty cannot be removed; therefore, it is essential that in some way we make economically possible, as it is now physically possible, to create and carry a sufficient surplus from the years of bountiful harvest, to supplement the yield of years of low production. This problem as it presents itself to us has grown out of the industrial revolution wrought by the application of steam and electricity to the activities of men and the extension of educational facilities to the rural communities which liberated the sons and daughters of the farmers from the chains of ignorance which bound them to the vocation of their fathers.

DANGER OF UNDER-PRODUCTION.

Barriers being removed and facilities afforded, population responded freely to the magnetic influence of the centers of best opportunity. As a people we may as well understand that if equilibrium of population is to be maintained, if proper balance between producers and consumers is to be preserved, equality of opportunity between the country and the city must obtain. We hear a great deal about the mistakes of leaving the country. Individuals do make mistakes in changing place of residence. But the mass of population moves under the operation of irresistible economic law towards the center of best opportunity. This law has controlled the migrations of all the ages and will control them to the end of time. Under its operation, during the past half-century, our urban population has grown from 18 per cent to more than 50 per cent of our total. Resultant from that change which not only took numbers from the country, but a larger per cent of its brains and ambition, the soil has lost in power to produce bread, and in a day, as the life of a nation is measured, we have lost our large surplus of the necessities of life. Today the margin between production and consumption is so narrow that if we were to slip a cog in the machinery of production, the question would not be the high cost of living, but where can the elements necessary to sustain life be had at any price. We cannot depend upon holding back from our exportation as heretofore, because the completion of its elimination is in sight. There is not a student of conditions who does not know that unless success comes to the great work to which you have put your hands today, with a cycle of low per capita production following a cycle of high production, hunger will be abroad in America.

The present high prices of many farm products does not indicate better selling methods nor a more healthy agricultural condition. It is the sinister shadows of coming hunger cast upon the land. Oh, that America would for once lay aside its colossal egotism long enough to look this situation squarely in the face. This is a new situation which calls for original thought and constructive action, not sentiment. Difficult, yes. As difficult as ever challenged human genius. But it makes no difference how great the difficulties are, they must be met by the people of the Nation.

SHIFTING POPULATION DECREASES SURPLUS.

Where and by whom is the surplus from the years of large production being carried to supplement the years of low production? Does this concern only the agricultural producer? The man, through whose hands these elements necessary to sustain life must come, can hold back enough for him and his, but what of the man in the city who has only a week's supply?

Before the railroads came there was a large surplus carried throughout the land generally. My father, living far from the railroad, did not sell his surplus corn until he saw what the next harvest would be. That was the custom. The smokehouse was there and vegetables for the family were stored in abundance. When my father was a young man almost all the people were producing all the prime necessities that came to their tables. When the railroads came, not only did there begin an abandonment of agricultural production, but those participating in this abandonment, instead of carrying from one to two years' supplies as they had done before, carried according to the customs of those in the cities and town, only a few days' supply. There is no substitute for the precaution which they formerly exercised; no defense against the hazard of seasons which in the time of family independence supplemented by community interdependence obtained. Nobody is carrying for the town people now what they used to carry for themselves before they left the country. Are they not concerned? Electric lights, moving pictures and the glamour of city life cannot remove the necessity for meat and bread. They have very little of it on hand, and nobody is holding any in reserve for them. Consumers are increasing rapidly, but there are fewer cattle, for instance, in America than last year. Back to the country is the cry. The man raised in the city will not go to the country under exsting conditions at least. I know there are individual exceptions. And these exceptions are very much predisposed to write articles for the magazines as soon as they get to the country. As a rule in a few years they slip back to town. Take your jury panels and see how few men now living in the country ever lived in the city, and how large a number now living in the towns and cities once lived in the country.

It would be a more feasible undertaking to keep the country boy and girl on the farm. But the nation may as well know that poetry by town poets, orations by town orators and articles by town writers are not going to keep them there. Nothing short of equality in dignity of vocation and equality of opportunity can do it. Many well meaning people have confused the effect with the cause. It is not the drift of population from the country to the cities which is the primary cause with which we must deal. That drift of population is a result of that cause, not the cause.

This is the primary cause for the loss of balance in population and the loss in the surplus of farm products; agriculture has not been able to adjust itself to changed economic conditions. The reasons for this are too well known to require discussion now. The price of its products is fixed by the purchasers of those products. This shows that it has not obtained position as a business in the economics of the country, nor is it recognized as a business in the policy of the government. In fact it is not now a business. It is recognized merely as a commissary to feed business. There does not enter into the price for which its products are sold any consideration for the cost of production, nor profit to the producers, while with the business of the city, for instance, the sellers' primary price is based upon the original cost to him, incidental expenses, including the maintenance of his plant and a profit. When the farmer comes to trade, his first inquiry is: ''What is your article worth?'' And the next is: ''What is mine worth?'' The trade is made on the price fixed for both articles by the other bargainer.

This brings us to the crux of the whole matter—to the cause of the national peril. The only time that the farmer can get remunerative prices is when buyers realize that he has not produced enough adequately to supply all, and become competitive bidders against each other for what he has. Just as soon as he produces a little surplus, this competitive bidding ceases, the bottom falls out of prices, his boy quits the farm in disgust and gets a job in town. The irresistible tendency is toward the most remunerative volume of production—the inadequate volume.

THE GIANT PARADOX OF THE TIME.

It is a stupendous fact, which should address itself to the serious consideration of the Nation, that it is not possible under these conditions to build up a sufficient surplus of farm products adequately to protect the people against danger from unfavorable seasons and the many hazards to which crop production is subject. It is not possible, because a large total yield of any crops brings less money than a smaller yield. There is the vice: 16 million bale cotton crop in 1911 brought over $125,000,000 less than a 12 million bale crop the preceding year. The corn crop of 1912 was much larger than that of 1911, yet it was worth $50,000,000 less money. The producer is not permitted to participate in the benefits of a bountiful harvest, but is punished for its production. With such a harvest, it would be right to reduce the price per unit, but to make the total price of a large number of units less than the total price of a small number compels the production of the small number and the higher per unit price to the purchaser. It is not possible to build up the surplus, because just as soon as a substantial surplus is brought into existence, producers are driven from business by ruinous prices. Not only is this responsible for our precarious condition, but the consumer pays dearly in the long run for any temporary benefit which the non-remunerative prices gave him. The consumer is paying eight cents for inferior cattle today because—and for no other reason—he paid four cents for them just a few years ago. Not only is he paying double the price, and that for inferior beef, but the number of cattle to be had for any price has been decreased. Four-cent cattle brought ruin to many breeders. Their stock cattle were put upon the market at whatever price they would bring, and the penalty for that injustice is being visited upon the whole people. The establishing of proper marketing methods is of more concern to the consumer now than to the producer, because the economic injustice to which the producing part of our people has been subjected has so reduced their relative numbers that the scramble of a hungry nation for what they raise will largely take care of those remaining.

What shall we do? With our vast agricultural possibilities, shall we confess inability to utilize them for the Nation's support, and seek among other peoples for the bread to feed our own? Shall we yield our independence in this regard and become dependent upon others for the ability to live, and thereby make necessary the burden of taxation upon our people sufficient to maintain a navy able at all times to keep open the high seas between us and the source of supply? Shall we do this? The last thing which any nation can afford to yield is the ability to feed its people. Shall we yield and thereby confess our inability to grapple with this problem which in the evolution of time has come to challenge our genius?

Are we so absorbed in city-building and gold-getting that we are oblivious of all else?

Do we not know that great cities do not add to a nation's strength, but are a tax upon its vitality?

Do we not know that, other things being equal, that nation is strongest the largest percentage of whose population pursue the productive vocations of the country?

Do we not know that in the crises of the past, when governments and civilization have been put to the supreme test, that it was largely the great conservative strength of the country people which saved them from chaos and destruction?

Do we not know that in sapping the strength and energy of the country to build our cities we are digging the stones from the foundation of our civilization and building them into a gilded but a fragile superstructure?

A surplus of grain in the Nation's granary is as important as a surplus of gold in its treasury. The last congress reluctantly appropriated fifty thousand dollars to begin the work which is the concern of this body, but could not be prevented from appropriating over a quarter of a million dollars to purchase so-called garden seed with which to insult the intelligence of the agricultural producers of the country.

RESPONSIBILITY OF THE GOVERNMENT.

What should the government do, then? It has an excellent agricultural department, but great as is its service, it is only doing a part of the work. It is not building up a surplus. It is not adding to the relative number of producers, for the apparent reason that in proportion as it increases the per capita on per acre production, it drives out producers because of the ever present fact that a small total yield will bring more money than a larger one, and a relatively small surplus brings disaster to those engaged in production. There is the weak point which must be strengthened. I am convinced that congress does not sufficiently understand the complexity and difficulty of this problem to deal with it directly. The very nature of it, with its far-reaching ramifications, is such that congress could not properly deal with it if it did understand.

What should the government do now? Clearly, it should make a definite start, at the right place and in the right direction, to give its aid to the correction of this situation which so vitally concerns every man, woman and child of its citizenship. In order to do that it must create a marketing bureau, clothe it with almost unlimited discretion, supply it with adequate funds and place upon it the responsibility of working out and helping to apply such methods of sale and distribution of farm products as would insure to producers reasonably stable and remunerative prices and to the Nation an adequate food supply. And may I add that the individual citizen, the civic and business organizations of the country, must help in this great work? It is a work for the Nation; it must be a work by the Nation.

The Chairman: Before we adjourn, I wish to make a few remarks. I want to say in connection with what Mr. Sumners said here a moment ago that if we maintain the increase of our population in the next three-quarters of a century that we have during the past century and a half, that we will have in this country to feed and clothe and shelter a government of not less than eight hundred million people. We can eliminate one-half and still have four hundred million people to feed and clothe and shelter at the end of 75 years from now.

LUNCHEON AND ROUNDTABLE—APRIL 9, 1913.

After luncheon the conference was called to order by its presiding officer, Dr. Harry Pratt Judson of Chicago, president of the University of Chicago, who was introduced by Permanent Chairman Holland.

The Chairman: I feel very much at home here, because, in fact, what you are doing here is conducting an educational institution, and education is not limited to boys and girls, nor to the rudiments entirely. I suppose that education is really the training of anybody to do anything better than he knew how to do it before, and therefore the school in which we are interested is the whole country, every man and every woman and every child in it; and the school masters are those who know something about something that we do not know, and that is all there is of it. So you have here a great branch of that great school universal which I believe will make our country far happier and more effective.

The problem we are going to discuss is a very serious one. There are so many people who are hungering, so many other people raising an abundance of food that they cannot get rid of. The problem is how to get the hungry man as near to the farmer as possible, because if you do that, the hungry man will eat and the farmer will sell his goods. If we can solve that problem—and it can be solved with the intelligence of these people—we shall multiply the resources of our country and benefit, not only the farmer, but every branch of people; it means the welfare of every man and woman and child in the country.

We will engage at this time, therefore, in trying to answer one question touching on one phase of this great subject. I shall call successively on several gentlemen to give their views as to why the farmer is not effectively organized, and first we will learn what an economist has discovered, and for that purpose I shall present to you the director of the bureau of research in agricultural economics, University of Minnesota, C. W. Thompson.

WHY THE FARMER IS NOT EFFECTIVELY ORGANIZED.

C. W. Thompson,

Director Bureau of Research in Agricultural Economics, University of Minnesota.

I take it a farmers' organization is very much like any ordinary machine. If it is to be effective, it must be adapted to its purpose, and you must have the power with which to run it.

Many of the farmers' organizations of the Northwest have been so formed and launched as to imply that there was some other incentive as to their purpose. Their promotion may, perhaps, have been brought about through outside agencies. To illustrate, companies of different kinds have wanted to foist machinery propositions upon a group of farmers, and in order to do so, first got them together in the shape of some organized body. I have in mind certain companies in the Northwest where farmers were organized in this way and where they were called upon to pay from $500 to $1000 above the market price for their creamery equipment, in order to get the benefit of the organizing capacity of a certain outside company. And so the extent to which promotion is brought about for other reasons than those that are important in the eyes of the interests of the farmers themselves, will be important reasons in certain instances why they got started wrong, and why, therefore, their organization remained ineffective.

Aside from the way in which the promotion may have been done, we have a form of organization which in too many instances, has determined the success or failure of the organization. There is a kind of organization which has solved its purpose splendidly, in the case of manufacturing and transportation. I refer to the ordinary stock company. I know of no better machine, no better device in this or any other time for the purpose of getting together large sums of money under one management; and inasmuch as the getting of capital concentrated under a certain management is important, therefore, the corporation has served a splendid purpose in the transportation and manufacturing worlds.

COMBINING MEN AS WELL AS DOLLARS.

When it comes to the farming communities, however, there is something else to be combined than mere dollars and cents. We must combine the efforts of men, as well as their money; because, in many instances, farmers have not been held together by mutual interests, but rather have been misled to combine dollars when they did not have interest enough to hold them together, they have failed to make their organization effective. So, aside from the fact that the organization must be adapted to its purpose, we must have the machine so arranged that we have the power with which to run it. You cannot run a steam engine without steam. You cannot run a democracy among Hottentots of Africa. You cannot run a farmers' organization until you have the right mental ability with which to run it, and this suggests in a great many instances the reason of the failure of a great many farmers' organizations, because they often are built up where the power has not been there with which to run it afterwards.

It must start with simple things and it must generate among the farmers themselves the power necessary to run the machine. It must begin at the bottom with simple things and work up gradually as the Rochdale people have worked up in England. We may put on mental power and put it off. We may learn things and we may forget them, but when it comes to the essential moral qualities which go with the effective economic farmers' organization, we have something which cannot be put on and off. It must be developed slowly, through discipline and training. It takes a long time to evolve that power, and if we are going to have it, we have got to count on years of time through which to generate the necessary power.

In other words, the farmers must be educated through experience, beginning with simple things which they know how to do, taking up little by little, slowly by degrees, additional duties and lines of work. Thus only can we build up effectively a strong organization among farmers.

DENMARK BLAZES A TRAIL.

And that implies, too, another matter. When we speak of capacity in this connection, we keep in mind that if it is to be effective, it must hew strictly to the line of every man's interest; that only will hold the farmers together. I have reference to economic interest. Denmark has taught us through the history which she presents that the organization which today stands before the world as perhaps one of the most successful in the form of farmers' activities, is the kind that is organized along specialized economic lines. The dairymen are combined in a dairymen's association, the egg sellers are combined in an egg sellers' association, and so we may go along from one particular economic interest to another, finding that the only basis upon which to build, and the only one through which we can hold together effectively the farmers in the community, is to get them together on some single specialized economic line. And I believe that in many instances farmers' organizations have failed because they have been brought together along other lines—many lines at one time. Vague notions have clouded their minds as to just what bound them together; they have no single clearly essential thing which has rallied them together for a common purpose.

So, we must, in connection with this, consider these other things.

In forming farmers' organizations, we have to apply business wisdom as in any other kind of business. We must use foresight. We must have capacity to look ahead; to provide for reserve or sinking funds; to dispose of cattle in the right way; to see the distant things that are coming; to forego dividends for a little while in the interest of building up a stable, permanent organization.

IMPORTANCE OF A GOOD MANAGER.

Managerial ability it of great importance. I know of instances where managers have been appointed and their wages fixed at $125, when all of a sudden the farmers having found that they could get another manager for $75 would say to the manager in charge, "You take this wage or you will have to take another place." I know of one creamery that made such a change, and the year afterwards the creamery went to pieces, because they did not appreciate the importance of proper managerial ability.

A supervision and auditing of accounts is necessary. I know of a particular creamery where a number of directors kept to themselves the whole question of the indebtedness of the concern. They went on week after week, piling up the indebtedness higher and higher, not daring to disclose the facts until it was revealed this last winter that they had $5000 indebtedness, and that creamery went to pieces. It was the first time that the farmers interested had any knowledge of the indebtedness. So supervision is necessary. That is a simple business proposition.

FARMERS SHOULD BE OPEN HEARTED.

Again, publicity is necessary. A farmers' organization must be built up along lines that provide that everybody knows what the business is and what it is doing. Star Chamber sessions do not fit in, they breed jealousy. If there is to be effective organization all must understand each other and be held together by a great principle of publicity.

COOPERATIVE BEST FORM OF ORGANIZATION.

The form of the organization is necessarily to be well considered. If we would organize farmers effectively, we must have the thing that will combine the efforts as well as the money of those farmers, and there is only one form that I know of which will do this, and that is a kind that has demonstrated its effectiveness in Ireland and Denmark and other places abroad. I mean the cooperative type.

Now, a cooperative organization means just two things. It means a political principle and it means an economic principle.

On the political side, it means one vote for each man, regardless of the wealth he may possess. On the economic side, it means that all capital shall be entitled to a fair, economic return, and that all surplus earnings should go as a reward to effort and be distributed according to the patronage or service rendered.

In order that we may promote this sort of an organization, combining the interests as well as the money of the men, not putting a dollar in merely, around which to rotate those who are members but to put the men in the middle and everything rotate around the interests of the men, we must institute a system of developing and carrying on these organizations, which will look after the interests of all concerned instead of leaving it to any one who might do it simply for their own monetary reward. We must see to it that we build up as the Irishman has done, a scheme where we must supplement it as we are doing in many places in this country by having the educational institutions, the universities, the colleges and the government and state agencies, establish bodies who will take it upon themselves to cooperate with voluntary organizations in promoting the agencies that forward organizations among farmers.

I trust that this great marketing conference will succeed in formulating plans through which a permanent body may be created and by means of which we shall find constant aid in all the years to come in promoting the right kind of organization among the farmers of our country.

THE CHAIRMAN: We will now hear from the press. We all know that our friends, the newspapers, know everything and the rest of us know what is left. That being the case, we want to know something and I will call upon Mr. Hugh G. Van Pelt for the editor's view of this subject.

WHY THE FARMER IS NOT EFFECTIVELY ORGANIZED.

HUGH G. VAN PELT,

Editor, Kimball's Dairy Farmer.

I recognize that this subject which has been given us, relative to why the farmer is not efficiently organized, is a large one, and it is a subject that can be dealt with to some extent in theory; but there are really many problems that may appear small that must be dealt with in practice, little practical problems that must be overcome when we get into the practical work of organizing the farmers in a community.

Concisely speaking, here are a few of the reasons I have jotted down:

First, the lack of compulsion, which means independence, prosperity.

Second, self-satisfaction.

Third, egotism.

Fourth, lack of leadership, which implies also incompetent management, and lack of knowledge on the part of the farmers in governing themselves. Furthermore, selfishness and greed and jealousy—all those things come under the general type of lack of leadership.

Fifth, these organizations show only a small amount of immediate gain to begin with.

Sixth, the largeness of our country, making our problems differ greatly from those of older and smaller countries.

Seventh, speculation and the richness of our soil which has induced our farmers to be nomadic, so to speak, in character.

Eighth, we have been inclined through our national and state governments to give the farmer a great many things for nothing, and he still expects them.

Ninth, graft, which has also been touched upon; and

Lastly, but not least, commercialism and unfair competition.

Now, all those things we can deal with as we meet them. When you go to the farm to organize the farmer, perhaps all these items will not occur in any one community; they will not present themselves in the organizing of or the holding together of any one particular organization, not all of them, but you will find one or more of these reasons in every community, I care not where it is located, in getting the farmer to organize and stay organized.

INDIVIDUALISM OF THE FARMER.

Now, taking these up more in detail, the farmer has been from time immemorial complimented on the fact that he is an independent man, and whether he is as independent today, or not, as he is prone to boast about, nevertheless we find that that is one of the great obstacles in dealing with the farmers in this connection. He has been taught it from the public school and the press and the pulpit and no one ever heard a Fourth of July speech, but the speaker complimented the farmer on his independence, and stated to him what a calamity it would be to somebody if he couldn't go to the polls to vote on election day.

Another thing I have mentioned is prosperity. In the same way that necessity is the mother of invention, so is necessity the mother of change of methods, and I am in hopes and in fact we all are, and I am of the opinion that this body of men assembled here will be instrumental in inducing the farmer to organize before he is compelled to. However, we know that all history teaches that it is a most serious and difficult proposition to lead any part of humanity into a change of methods until compulsion controls the organization. That has been true of every organized country that we know of at this present time, it has been compulsion that has caused organization.

SELF-SATISFACTION FROM SELF-DECEPTION.

This same independence and prosperity has caused self-satisfaction. How many of you ever saw many farmers that were not satisfied in easy, prosperous times, with their lot? I have had some experience in organizing cooperative associations, and I remember well talking with one German farmer—he happened to be German—others are largely the same. I tried to explain to him, as I drove from farm to farm, to influence five or six men to go into an organization, I tried to explain to this man, I talked hard and earnestly to him, and when I finally thought he was going to become a member, he said to me, "Well, I made $2000 last year, I think that have been enough."

That is self-satisfaction, and one of the great factors standing in the way of organization among farmers. That also leads to egotism, of which you know who have dealt with farmers. You all know he is apt to come back at you with the statement that he has milked cows and fed hogs for 20 years and no young man without gray hairs can tell him anything about it.

LACK OF LEADERSHIP.

These things I have mentioned stand largely in the way of organization in the beginning, but where success comes and organization results, then it is the lack of leadership that makes it almost impossible to keep the organization together. Then, under that head, comes in incompetent management which has been dwelt upon here, but I know of two or three little instances which may make this even plainer to you.

I was talking the other evening with a friend of mine who was reared as a boy in the southern part of our state and this subject happened to come up, and he was telling about years ago when there was an organization among the farmers to run a general store in his town. They sold everything, from tooth brushes to threshing machines. They placed in charge of that business a manager whose chief virtue was his smallness of demand as to salary, and the cheapness with which he could buy goods. At one time he purchased 2000 pairs of shoes without any regard to whether the people who belonged to that organization would or could wear the shoes, and when they finally came and were placed on the shelf, they found that many of the shoes were not even mates, so there was a loss to the organization.

Years ago in my section of the state of Iowa, we had a district fair which is one of the most successful in the state of Iowa, and it has been built up around one man as all great institutions are. That man grew to the point where the farmers were willing to pay him a salary of $2000 because he was making that great profit. Unfortunately, this gentleman died last year, and they have been working for nine months to find a suitable manager to take his place, and they have finally placed a manager in charge of that fair and are going to pay him the great salary of $75 a month. Now, that man has already made an absolute failure out of his own business, and still those people believe that he will continue the success of this institution which means thousands and thousands of dollars to the farmers in that community, and his only virtue is the smallness of his salary. We find that in almost every organization, a selfishness, so to speak, among those who are in control, a desire to spend as small an amount of money as possible.

TWIN MONSTERS AT WORK IN RURAL DISTRICTS.

Then there is greed and jealousy. Jealousy is one of the greatest factors working against organization. Farmers are suspicious of each other, and if one farmer believes that another farmer is going to have a little more out of the organization than he is, that one farmer can break up that organization in a very short time. And that is the reason why if there is a leader in the community, who is capable of running one of these organizations and the management comes to him and he draws a salary consistent with his efforts, very often many of the other members of the organization become jealous of him and by trickery in many instances, conspire to get him out of that place and let them be put in.

In the northern part of our state we have in the neighborhood of 500 creameries and the managers of these creameries are paid all the way from $15 to $30 a month. They sell the butter, buy the supplies, keep accounts and manage everything, all this for $25 or $30 a month, yet this little jealousy creeps into the organization and the result is that at the annual meeting somebody suggests they should get hold of a cheaper manager, and then, generally, as our friend said, the creamery goes ''broke.'' I know of one creamery in the state of Iowa where this jealousy created factions. One faction was in power for a while and they purchased a cream ripener at a cost of $300, but didn't pay for it. Then the other faction came into power and decided that they would never pay that $3.00. The result was that the creamery was sold out for $920 and the man who bought it is making a lot of money out of it today.

This lack of leadership, these little jealousies that we don't think of in theory, are the real reasons why the farmers are not organized.

It is very difficult for the farmer to see where he personally is going to benefit largely, and even though you can show him where it means thousands of dollars to his community he wants to know how large the gain is, how many dollars for him, and he doesn't interest himself in looking much further.

ISOLATION A POWERFUL HINDRANCE.

And then the largeness of our country. Social conditions among farmers are not in this country what they are in many countries; probably due to the fact that farmers live so far apart. We have poor roads in many sections and farmers work from early morning till late at night, and often one is not acquainted with another farmer who lives only a mile away. Not only that, but the largeness of our country has led our farmers to speculation. Have you ever stopped to think about how few farmers there are in the United States? Sometimes when I talk to men who call themselves farmers, I am ready to deny the allegations, and to tell them, ''You are not farmers at all, you are really land speculators.'' There are lots of farmers who spend their lifetime perfectly satisfied because they know from the way they are situated that even if they barely make a living on their farms, they will make more money than the average industrial worker in the city, just sitting there and waiting for the increase in value of the land. In the meantime most of them are squeezing out the fertility of the land and selling it off regardless of their children and their children's children. The man who goes from one farm to another, or owns land and doesn't live on the farm at all, is this kind; but where the farmer settles down and builds a home with the idea of handing it down to his children and their children; whenever a farmer comes to realize his responsibilities, then organization is going to come. But whoever heard of organization among a nomadic people?

I said the farmer receives too much for nothing. If we would make him pay enough for these organizations so that he would be intensely interested, then I am satisfied they would be more successful. People do not appreciate that which is given to them without charge.

Now, I have said enough, so I suppose you all think I am an enemy of the farmer. These were just little reasons and can be overcome. I think the result of the deliberations of this conference is going to get down to meet all these practical points and overcome them very rapidly, but they are not the worst obstacles in the way of organization.

WHERE PETTY GRAFT REIGNS SUPREME.

One of the worst is graft. In the northern part of our state we have in the neighborhood of 500 cooperative creameries. In the southern part of the state hardly one, and the reason is this, that we have men in the southern part of the state who know too much about the grafters who came in and organized creameries where there were not enough cows to keep a hand churn going. There is now absolutely no such thing as a possibility of organization there. They tried in those days to run creameries, but there was no cream in the country and the promoter was the only man that got any money out of it, and since then it is exceedingly difficult to get those farmers to believe in any of these ideas, because they have been grafted upon so often.

THROAT-CUTTING COMMERCIALISM'S UNFAIR DEEDS.

The last point is commercialism and unfair competition. Our legislature has passed a bill in our state that makes it a misdemeanor for a business firm to purchase commodities in a business community and pay more in one community than in another, except to meet competition. In years past, commercial institutions have gone into one community where there was a cooperative organization and spent their money and then in another community where there was no organization, they would pay less for the same commodity. In other words, they went in with the absolute idea of breaking up that organization. That is the kind of thing that must be dealt by laws and legislation, so in time that will be overcome.

THE CHAIRMAN: We have a friend here from the neighboring Republic of Mexico, across the southern border, and we shall be glad to hear from him.

MR. Z. DOMINGUEZ (of the City of Mexico): It was a great surprise to me this morning to be invited to address this assemblage. I received this invitation as a great compliment, and I appreciate the spirit in which this invitation has been granted to me. And that reminds me of two little stories, one of a young boy who was a darkey, and he was asked to change a 10-dollar bill. He answered: "I never have received as much money in my life, but I have received the compliment, just the same."

I appreciate the spirit in which the invitation is given to me, and that reminds me of the preacher who received a present from his sister. This present consisted of some brandied peaches, he wrote to his sister, giving thanks, and saying, "I like very much the peaches, but I like more the spirit in which you sent it to me."

I must ask your indulgence. I use a foreign language, and it is not familiar for me to speak in your beautiful language. If it was in Spanish, it would not be difficult, because in Spanish, I say what I wish, and in English, only what I can.

The first time I was here in this great country, I was invited to give a lecture, but I speak worse then than now even, but I illustrated my lecture with some pictures, and so I got along. Afterwards, a friend of mine, who was an implement man, went to Mexico, accompanied with his wife, and he didn't talk the Spanish. After traveling several weeks in Mexican cities, they got tired of taking Mexican dinners and one day the lady suggested to the husband that they should eat steak with mushrooms. He called the servant and asked in very plain English for steak with mushrooms, but the waiter did not understand one word. My friend at last remembered how I got along by illustrating, making pictures, and so he took a pencil and a piece of paper and drew a cow and some mushrooms. Then the waiter nodded his head, and he ran away and stayed for half an hour. The lady got very hungry and says, "It takes too much time to cook the steak with the mushrooms." After half an hour the waiter came along as fast as he could with two tickets for the bull fight and two umbrellas.

I am invited to give my views about Mexican farming. I cannot find the relationship between the farming of this great country and the farming of my country. I can only find the difference that is between the jeweler and the jailer, the jeweler is selling watches, and the jailer is watching cells.

You are trying to find the best markets for your products, and you are trying to sell to the best advantage. We have yet this product, we have to watch the people in the cells because they are fighting, because they have no lands, no homes, and they fight because they have no other thing to do.

Now, I will give you some idea how I came to this country to present to some prominent men, some broad spirited men of this country a plan that I think will help to settle the condition in Mexico. I will not explain it to you in detail, because that will take a little too much time, but I promise you that it will be published in all the newspapers in order to bring about in this country the plan that has received the approval and the overwhelming endorsement of the people that have been into this plan. You will then see how this country will be interested in the pacification of Mexico. If this condition lasts for an indefinite period on account of the war, we will be needing the products of this country. This country will be needing our products. We have immense mineral products of all kinds, we have timber and maybe this state of things will compel the United States to intervene to pacify Mexico. I have been talking with some prominent men in the official world, and they have promised me that they will intervene under the present plan that I think will solve the problem. My object in speaking to this audience is to have the moral support of this country to help my country, to give me the chance to put in practice this plan that it is bound to produce some result.

When I came here, I was surprised at the great progress that is found here. You are right in the epoch of the North and South pole, you are in the epoch of the automobile, and the flying machine; you are in the epoch of the suffragette;

you are in the epoch of the Turkey trot. "Everybody is doing it," and consequently everybody is getting together to solve the problem of the high cost of living and it must be very great, since all the countries in Europe are fighting just for a piece of Turkey.

THE CHAIRMAN: If the rest of our speakers can use their own language as well as our friend from Mexico uses it, they and we will be equally happy.

We ask now for the view of the commissioner of agriculture and I call upon Mr. J. H. Page, state commissioner of Agriculture, from Little Rock, Arkansas.

WHY THE FARMER IS NOT EFFECTIVELY ORGANIZED.

J. H. PAGE,

Commissioner of Agriculture, State of Arkansas.

The farmer is pretty much like the rest of us. He lives on the farm and he works for his living, and we are all folks, after all, and the farmer has to limit his activities to his own business and he works within the environment surrounding him. He does not have the opportunity of business experience that business men have, and he does not have the advantage of competition in the product of his soil like the business man has in transacting his business in other lines.

INDISCRIMINATE MARKETING METHODS.

The farmer raises his product, puts it on the market at the nearest marketing place, lets it find its own way through the various avenues to the consumer and then when it is finally delivered to the consumer, whatever that price may be, it finds it own way back to the farmer, less the amount that has been taken off in profits to these various channels. Consequently the farmer, as a rule, is satisfied to go ahead year after year and day after day producing for the consumer, and the consumer is consuming at the other end of the line and the middle men have gathered in, in the way of profits, a larger percentage than that which is received by the farmer.

The farmer meets more or less discouragement all along the line. In the first place, he is not a business man. He does not learn from the world of commercialism, those things that come largely through experience, and he does not possess the advantages of knowledge, and consequently he is not in a position to organize himself and he is, to a great extent, dependent upon some one else if he is going to organize. Unhappily, in a great many instances where the farmers have been organized, they have been somehow exploited by those who have organized them, and they have learned to be somewhat selfish themselves as they find the commercial world to be. Consequently they are more or less suspicious of the various enterprises wherein there is a movement put on foot to organize them. In organizing themselves, they do not call in the aid of outside parties; they are lacking in business experience and they are not able to bring to themselves the plain business experience which is necessary to bring about that degree of success that will be entirely satisfactory to them in the end.

OTHER INTERESTS MUST JOIN WITH FARMERS.

I believe that one of the things that will help the farmer to become more effectively organized in placing the products of his toil upon the market at the most profitable prices, will be for all those people engaged in different lines of business to join hands with the farmer and give him the benefit of their knowledge of business and any other means and methods employed by them, and help him to get his business of producing down to a business basis. The farmer produces what the world needs and demands, but when he delivers it to the nearest market, he feels that his task has been performed, and if we do not reach out and take him by the hand and join in together with him to perfect an organization whereby we will make a better marketing plan, the farmer will continue in the future as he has in the past to be the victim of circumstances. It is an unfortunate thing, not alone for the farmer, but equally as unfortunate for the consumer that the farmer has no better method of distribution for his product. He raises his products and puts them on the market and then we are entirely dependent upon the middle man—we say ''middle man'' when, in fact, we mean ''middle men,'' because we know how many hands may touch the product before it reaches the consumer, and each man that touches it, demands his share of toll.

BUSINESS METHODS WILL AID CONSUMERS.

I believe that if the business world would take an interest in the farmers' welfare—I am glad to see that the business world is taking a greater measure of interest in the farmers' business than in the history of our country heretofore—if the business world will take an interest in the farmers' welfare and will add to their business experience and cooperation to the farmer in his work, then we may bring about an organization that will eventually perfect agencies whereby the farmer can get greater returns for what he produces, and whereby the consumer eventually will get the products of the farm for less money than he does now, and the middle men in the meantime will be equally as well taken care of.

I am glad to see this interest taken in this subject, and I shall be glad to contribute whatever I can to its success, here and in the future.

THE CHAIRMAN: We all remember the very old story about the cotton planter who thought it would be a shrewd device to teach monkeys to pick cotton. He thought they would be careful and cheap, because one darky could very easily oversee a dozen monkeys; but it didn't quite work out, he found it took a dozen darkies to oversee one monkey. I do not mean any reflection upon all these men who want to teach the farmer, and I certainly don't mean any reflection on the farmer.

I will call for the farmers' view of this question upon Mr. Louis D. Sweet, of Colorado. Mr. Sweet, please forget my comparison.

WHY THE FARMER IS NOT EFFECTIVELY ORGANIZED.

LOUIS D. SWEET,

Farmer and Financier, Carbondale, Colorado.

I come from out West, the land of sunshine. I was born in Illinois and went West in 1879, and was a cow boy for years, when we had a frontier which has since been pushed into the sea—there is no more frontier. Today we have to get down on the farming viewpoint, down to a better handling of the soil, to rotation of crops, to good seed, to feeding all the roughage raised on the farm to our live stock, and there is nothing new about it. It has been followed abroad for many years and the same scientific principles that obtain there must be put into practice here. There are no more free lands in this country, the frontier has been pushed into the sea, and we are forced, of necessity, to come to the business man and the banker, and it is on account of this same principle, gentlemen, that this magnificent congregation is here today.

When I got here the other day, Colonel Holland said, ''I will feel quite encouraged if we have 40 or 50 people here.'' Look at this assemblage; there are 350 at least!

The bankers and the merchants are realizing today for the first time in the United States, many of them, that their prosperity depends upon the prosperity of the producer. No country has ever lived without it. The rise and fall of the nations is due to it, or its absence.

Little Denmark has been referred to several times, and that is probably the greatest example of the principle I speak of. Less than 100 years ago poverty stricken, depleted by war, surrounded by sand dunes—most of you gentlemen don't know what sand dunes really are. Sand is silica and the slowest of all our formations to overcome.

But less than three years ago Denmark exported $90,000,000 worth of products a year, had over $200,000,000 in her savings banks, and—best of all, 89 farmers out of every 100 owned their own homes on farms, and that is what makes a country. Colorado only has 27 producers out of 100, and that is the reason we are having some hard times out there. We have two classes of producers—the farmer and the miner.

Getting crippled years ago, I went to railroading, and got over on the Western slope, as we call it. Later on, I had that feeling that we all have at times, that hit me pretty hard. I wanted to go ''back to the farm'' and did so with a man of the same name. We took hold of 2500 acres, built a 16½ mile canal and put water in it. We got started. It was on raw land. You people don't know what that means. That land was rich in potash, phosphate, manganate of iron and the four principal salts, but short of nitrogen and humus, as it had only raised the sage brush for years. Knowing some of our government men in the agricultural department and having helped out our agricultural college somewhat in my work, they came to help us, and it may interest us as a little illustration. Their expert asked us to plow up six acres of this raw, sage brush land alongside of 14 acres that had been in alfalfa for a number of years, and the third cutting, to turn under. We did it, and as a result our land gave us 134 bushels of potatoes; that is, without irrigation. The land that had been irrigated gave us 482 bushels. So we adopted a six-year rotation. The first year we used grain and cross-drilled to alfalfa. When the grain was ready in August, the single stem of alfalfa was up from 12 to 16 inches. We cut the grain right off the field. The next year we cut three cuttings of alfalfa, the next year three and the fourth year two and turned under the third, putting on 20 tons of barn manure, and then the next year potatoes. So that now, one half is in alfalfa all the time; one third in potatoes and one sixth must be in grain rotated.

I have traveled considerably throughout the United States and I have seen many illustrations like our menu here at this hotel where an order of potatoes is 15 cents, from that up to 25 and 30 cents.

GUARANTEED QUALITY FIRST ESSENTIAL TO GOOD PRICES.

We started on the old peach blow potato. We carefully select the finest potatoes we raise for seed, and within the last four years, we have been planting the whole potatoes; but they have been doing it abroad for 40 odd years. We have raised the highest quantity of the highest quality of potatoes, according to the Government Bulletin No. 356, or the State Bulletin, No. 175.

Those potatoes we handle exceptionally well this way: We put them through a two-and-a-half-inch screen for sorting, then we put them into sacks and sew them tight so they won't bruise. We sell them to a high class trade in New York, three clubs and three hotels, three clubs in Chicago and two hotels, and in Denver two hotels, and to six railroads—all at one price, year in and year out.

A SPECIAL POTATO FOR SPECIAL TRADE.

To illustrate how that works, in New York a short time ago at dinner at one of the clubs, the vice-president of a railroad was there. The next day he came to see me at the club, with the superintendent of dining cars. They wanted to arrange for our potatoes. I told him they cost $1.25 per 100 pounds; that the nearest place we sent them was St. Louis. Of course the superintendent of the dining car had a fit on that price. I asked him if he could serve a good baked potato from those he had, and he said, no, they were not good for that. "We have raised the starch in our potatoes over 50 per cent, and made them specially adapted to baking," I told him. He said they wanted a certain quality, and I said, "Can you afford to pay us $1.75, if we can get the quality that you people want?" and that settled the contract.

THE WEST ORGANIZING FOR BUSINESS-LIKE SELLING.

With the farmers of the West we have organizations out there in this way, we have a fruit growers' organization at Grand Junction and over in the Gunnison valley. We have melon organizations at Rocky Ford, but the ordinary farmer, that is the man who raises just grain, hay and a little live stock, has not organized yet.

Of course, Colorado is only 36 years old. Most of our farmers come from back East. They know of the organizations you have back here, but from what we can learn of them there are not many of them that are very successful. But we are beginning to reach a point where we have to do something, and as several of our speakers have said, the American people have to get knocked down pretty near before they will start in to doing anything. Our farmers in the West have nearly reached that point. I don't know how it is here. We have got to have help, and fortunately, the banker and the merchant and the government, and Col. Holland and the friends that called this meeting, well realize that now it is merely the question of getting together on good common sense ideas.

Gentlemen, I believe you will find most of the farmers willing to work with you because the agricultural colleges and the railroads and others have been educating our farmers; the farm papers have been educating them, and there are a great many of them who are reading. You can hardly go into any of our farm homes or ranches, as we call them, but what you find your farm papers, your periodicals. They have telephones, they have musical instruments, they are getting along fairly well, but they realize that they are not doing near as well as they should. They want help and I hope the result of this meeting will be help for them.

THE CHAIRMAN: We will now hear from an educational extension worker, on this important topic; Mr. G. I. Christie, of the extension division of Purdue University, LaFayette, Indiana:

WHY THE FARMER IS NOT EFFECTIVELY ORGANIZED.

G. I. CHRISTIE,

Superintendent Extension Division, Purdue University.

It would seem for one who has studied the problem at all that most of the points connected with this question have been well covered. My only consolation in attempting to say anything is that we may do in this subject as the extension people are doing all over this country, that is, keeping at it, to keep repeating over and over and over again these great truths until we get them into the souls of the people who are going back to their farms to work.

Now, I agree with most of the things that have been said here this afternoon. Before we start to do any great work, our aim is always to survey the field, to find out what the actual conditions are. After we have gathered our data together we may proceed to outline some new plans. So I think that your committee, in outlining this program, has done a very fine thing in starting at first to determine the actual conditions before attempting to say what can be done.

A VICTIM OF EXPLOITERS AND CUT-PURSES.

The question before us, why the farmer is not more effectively organized, has been well discussed, but I think you will all agree with me when I say that if those things are true which have been talked of here this afternoon, the farmer has pretty good reasons for not being effectivly organized. Heretofore, when the farmer has been called on to cooperate, it was largely done for the purpose of seeing who could make the most money out of him. The promoter that went out to organize the local creamery, of course tried to give the idea that he was organizing that creamery to help that community and to help those farmers, when, in reality, it was to help the man who had machinery to sell. In our state, the result was that all over Indiana and, as has been suggested, all over other Western states, at almost every crossroads those promoters, whose object was to sell machinery to get some revenue for the promoter and for the company behind him, established those creameries; and they did not care anything about what became of the farmer. As a result, the creameries have gone out, and the farmer has become more suspicious and we have everywhere evidences of the reaction from those failures in the past.

Another thing. Along with the creamery has come this stock ownership of animals, particularly stallions. Stock companies have been organized all over this country to sell $500 stallions for $3500 and then immediately another man comes around with a better horse, as he says, and wants to sell him, and does sell him. Those things have been going on all over the Central West until, when we find promoters talking about promotion of anything, everybody grows suspicious and goes back to the farm. Then we complain and want to know why the farmer has not been more effectively organized.

FAILURE TO ESTIMATE COST OF HIS PRODUCT.

We find, too, that the farmer has been called upon to organize to sell in a cooperative way and has again suffered. Let me offer you a little illustration. Here is the difference between the farmer and the business man today. The business man in the town takes into consideration the cost of producing an article, the cost of advertising, putting it on the market, all necessary expenses attendant throughout, and when he offers it to the farmer, he has a price which he knows he must have for that article, or he can't sell it. Take the real estate man. When the farmer is going to move into the town, the farmer goes to the real estate office, and the real estate man says, ''How much do you want to pay for property?'' And he answers, ''So much.'' ''I have a house and lot worth $3000, or a lot worth $800, or another one for $500.'' Your real estate man has put the price on his property and the farmer is called on to pay it, or he can't get it.

On the other hand, we find the stockman out in the country. He comes to town and Smith says to him, ''You have got a fine lot of hogs. How much do you want for those?'' and the farmer turns to him and he says, ''What are hogs worth today?'' The farmer has been forced so long to accept what was offered to him, that he does not think to take into consideration what it has cost him to raise a bushel of wheat or to demand that he get the price to cover that cost.

COURTS RULE AGAINST FARMERS'. ORGANIZATIONS.

Just as soon as the farmers do form cooperative agencies they set a price on their corn, their grain, and then what happens? The courts rule that they are organized in restraint of trade, and rule them out of existence. I feel as strongly as any one can the failure of the farmers effectively to organize themselves, but I want to say that the farmer has never failed to do that which he has been called on to do.

We have not today the cooperative market that we might have for selling and buying, but we have an institution that exists all over this country that the farmers have brought about and that is our consolidated school—an institution that the farmers voted for and paid for, and it is for the benefit of the farmer, and I want to ask you if the farmer is not effectively organized in that respect? Those schools are catering to the needs of our educational system. And why were they organized? Simply because our legislators, our government, have seen the great need for such an educational institution and they have found out the way by which these farmers may organize and get that institution which will meet their needs.

So we come down to this matter of cooperation in buying and selling. Just as soon as somebody will point the way and will show the farmer that it is not a scheme to exploit him, just so soon will the farmer be ready to take it up and back it up and organize so that we can get results.

Five years ago the farmers in a certain section of this state were asked to contribute $10,000 to locate an expert in a certain county, so he could show them how to test corn, but the farmers said, ''We don't want any of those fellows in our county.'' How has that thing changed in five years? We can't find the men, ladies and gentlemen, to take the places that are offering $3000 and $4000 and $5000 to such men. The farmers are going right down into their pockets, putting up that money and organizing those associations. We have these men all over the country, going out as county agents, or advisers, whatever you call them, and the farmers are taking up that matter and making money out of it.

TRUE COOPERATION IN ITS INFANCY.

I believe one great reason why we have not had success in the matter of cooperation among farmers in buying and selling is because we have never had a truly cooperative scheme. In a great many cases it has been handled by private individuals. Nobody has ever offered to the farmer a practical cooperative scheme. The average scheme has been to organize a stock company, one man will take a thousand dollars' and another man a hundred dollars' worth. Suppose we take the cooperative elevator which we all know about. When we come to sell the grain through that elevator, the men there paid their price, and when the returns came in, we paid the running expenses and then, after we paid the running expenses, generally the scheme has been to pro-rate the profits on the stock subscribed, so that the men who have a greater amount of stock in that company, get the larger dividends, while the man with a less amount of stock, who may have marketed a very much larger amount of grain, gets practically no dividend. Now, that is not true cooperation, and we cannot hold the farmers together if we continue to offer that scheme to them. If, in the case I have given, the surplus is pro-rated according to the amount of product that has been furnished by each member, then you will have what I call true cooperation, and when we have something like that, I think we are going to be able to hold them together.

COOPERATION DEMANDS SOUND BASIS.

This cooperative organization, any kind of a cooperative organization, must be built on an economic basis, both for the farmer and the people who are to get the products from the farm. Just so long as we go around telling the farmer that to do this will require the expenditure of a lot of money, we cannot work up enthusiasm for any such scheme.

We have found out that there are certain people who can go to the farmers and organize them, and there are certain others who do more harm than good by trying to do so. So, if we are going to get results from this scheme, we have got to put in the right kind of agents, men who will convince the farmers that they will be protected from the things they are afraid of, and that this matter of cooperative organization is what they need and must have. We hear very much criticism of the farmer, but I want to say in all my experience with the farmer, I have found he has been ready to back up any legitimate, right enterprise that can be shown to be for his good and for that of the community.

I believe, people of this organization, you have taken the right step. The farmer is slow, and you can't blame him for being that way. You cannot turn out large numbers of ideas for the farmer and get him to act on them all this afternoon. He moves slowly.

The great problem before this country has been that of production. Everybody has been out to get after the farmer to produce more from his land, and I think he is responding, that we are going to have larger production.

Now, we are ready for another thing, we are ready for some organization to further this cause and if we will create the sentiment and then we will go out and plan the right method of procedure and then we will send the right man to the farmer, I believe we are going to get organization.

THE CHAIRMAN: The formal program has been covered, and yet there are one or two gentlemen whom I wish to call on to give us five minute talks as to conditions in their parts of the country. First we would like to hear from Judge S. A. Lindsey of Texas.

JUDGE LINDSEY: We came from Texas to Chicago to this conference in order to learn.

Last fall they organized in Texas the Texas Farm Life commission that was sequential to an organization which we had before called the Texas Welfare commission, which undertook to make a study of the economic conditions of our state. Out of that grew this farm life commission.

This question of efficiency is now the great problem before this country, and there is less efficiency in the farm than anywhere else.

Coming here to this meeting to learn, I shall go away very much gratified that I did attend the meeting, because of having heard so much from people from different parts of the country, I find that Texas is so far ahead of many of your people, that I am going home to congratulate our people.

My friends, this thing you must bear in mind. All things come in the fullness of time. Your meeting is good and you can continue different meetings as long as you please; but the farmers will never be organized effectively until the farmers organize, and the farmer will organize in the fullness of time. You are giving him a definite purpose. Do not try to cover too much ground; let it be a community affair and that community will organize as they can closer than any people on earth. The farmer is peculiar, very, in this thing, that he is just like we are. Did you ever try to break a habit, or to change your methods of doing things? If you never have, you ought to go and experiment with yourself a little while and you will find the reason the farmer does not change so quickly.

The farmer is not effectively organized—for what? For politics he certainly is. For the support of churches and institutions he is better organized than the city people are. For all those things that he is accustomed to doing he is better organized and sticks to that purpose better than the people of the cities do.

Now, we have come to a point in our history. We have come to the point where we must take hold of the market conditions and one other thing, rural credits, because those two things are the great economical questions before this country. Give the farmer some source from which he can get money for three to five or eight years, so he can build silos and go deeper into his business, so he can use the unused portions of his farm. There is now no place where the farmer can go for money to do business on. It is remarkable to me that the farmers should succeed as well as they have, having been neglected as much as they have. So give him a place where he can get money; it is not so much a question of rate as time—three, five or eight years.

Now, the question comes up, how are we going to reach the markets with his products and to eliminate the middle men? When we come to study that question we find that the reason we are taking an interest in that matter, is that we cannot drive the bargains we want to drive without the farmer is organized. We all know what the trouble is. We have run ahead in financing; we have placed on the markets of the world something like one hundred millions of dollars in the last 15 years in industrial bonds. We have gambled with the future and now we are trying to get the world to take the things we have put upon the world so that the world may not stop. For that reason we have come up to the economic condition and everybody knows that the only way this civilization is going to progress is for it to increase the productivity of the individual and eliminate waste.

I want to say one word about Texas. When I said we were ahead of the rest, I might also say we are far enough behind, but so far as I have been able to learn, the farmers of the Middle West are even more individualistic than we are down in Texas. Yet several years ago, traveling in Texas, I found land nicely located on a beautiful prairie, a great creek pouring out from among the hills, and it looked to me like Paradise, but the man that lived on it told me he was going to move. I said to him, "Aren't you satisfied here?" "No, there is a fellow settled over here within 15 miles of me and I have got to have elbow room."

That is the kind of people Texas was settled with and those are its habits of environment, and in that one finds the reason why farmers do not organize better. We cannot expect a fellow to adjust himself to living jammed up close to somebody, borrowing and going on each other's notes and all that kind of business. We usually look after ourselves pretty well and we never have had very good luck when we go on each other's notes. We got that habit when we bought plows, reapers and things from up here in Chicago to be sent down our way.

The only thing that comforts us in Texas—and I think for this reason that Texas can afford to belong to a nation-wide movement toward solving this marketing problem—is that we do things in a big way. Where a man plants 5000 or 6000 acres in peaches, that is a small patch. We plant and grow crops of tomatoes and cabbages. We sell at $8 a ton down there; but we cannot dispose of our products. They rot upon the ground. Last year, while I was serving on the Texas Welfare commission and had to make an investigation of these problems, a gentleman from Colorado, who was in Texas at the time, was complaining of his own people. He said, "I was down in Texas and I could buy a crate of cantaloups, four dozen cantaloups, for 40 cents, and I came home and found them selling at 10 cents apiece." I investigated and I found that it cost only 55 cents to pay the freight from Texas to Boulder, Colorado, where that man lives. That put the cantaloups in there at 95 cents a crate, and still they were selling in Boulder at $4.80. That same man complained that he had to pay $3.75 a bushel for peaches in Colorado, which were selling at 60 cents a bushel in Texas. I knew that was true, because I had been selling and buying peaches, and kept up with the prices. I found on investigating that peach problem that it cost the farmer 27 cents to gather and haul peaches to market and he gets 60 cents a bushel for them, giving him 33 cents for those peaches which cost the consumer $3.75.

Of course it works this way, there is no competition anywhere along the line after the stuff leaves the farm. The farmers being organized, could handle those products in the matter of selling the stuff. There is no competition after it once gets into the market.

The trouble is the business is organized here, and until the farmers organize in Texas and fix it so that they can reach the consumer in Chicago, we are bound to have these conditions.

The farmer is ready to organize, and I will guarantee we can organize every farmer in Texas who has any reason for organizing in 60 days, and we can ship carloads of stuff from Texas to all the points north that need our products if you yourselves in the cities will organize and say to us, "We want the stuff." If you do not do something of that sort, we have got to cut down our orchards, as we are doing all over that state. There is all that beautiful, bountiful country, 400,000 acres of land that will grow 40 tons of sugar cane per acre, and other things in proportion. It is warm all winter and cool in the summer, but we cannot develop the country until there is somebody organized in Chicago or New York or Philadelphia, all these places, to take the stuff; because, if we organize all we please, gentlemen, and still have to sell to men who come on the ground to buy, the result is that our organization has brought us no profit and we think the organization is at the wrong end of the line. It must commence with the people that are hungry in the city, and if they will send us word they are organized and have got the money to pay for it, we will send them all the stuff they want.

AFTERNOON SESSION, WEDNESDAY, APRIL 9, 1913.

Dr. J. H. Connell, president Oklahoma Agricultural and Mechanical College, Stillwater, Oklahoma, presiding.

THE CHAIRMAN: We will continue these delightful and profitable discussions for a while this afternoon, according to the program, bearing in mind that of the three subjects, crop production, marketing and farm credits, the greatest of these is marketing. And also that in considering the vast field of agricultural effort, national, state and community, that the greatest of these is community effort. While the subjects upon our program immediately relate to state and national aid, the realization of these will be ineffective unless they reach the community and reach the producer in the community.

We will hear first from Mr. C. F. Hatfield, field secretary of the Bureau of Convention of the Panama Exposition, who will make an announcement.

MR. HATFIELD: It seems very fitting that as field secretary of the bureau of conventions and societies of the Panama-Pacific

International exposition, which is to be held at San Francisco in 1915 to celebrate the completion by the American people of the Panama canal, that I should be given the opportunity of addressing for a few minutes this First National Conference on Marketing and Farm Credits.

The Panama canal means the recharting of the commercial map of the world, and to no interests will it mean greater things than those that are represented by this gathering, particularly the agricultural.

The exposition will present an unprecedented opportunity for the display of the products of the American people where they will be reviewed for award alongside kindred products from every land and from every clime.

We are practically assured of the participation of every state in the Union, over half having taken official action, and so far 26 foreign countries have already officially accepted the invitation of the president to participate. Millions of people who will attend the exposition will come not only from the United States but from Europe, Australia and the Orient.

Ultimately there will be an outlay of nearly $50,000,000. I assure you that the progress already made has demonstrated the great efficiency of the officials in San Francisco who are building this great exposition.

All of the outlay of capital and energy is at the disposal of the American people, whether in state participation or in conventions, educational, economic or otherwise. The directors of the exposition have been so impressed with the value of the world's gatherings of congresses and conventions that they have set aside $1,000,000 for the erection of a great auditorium in which the meetings may be held.

Never before has the question of educational conventions been so carefully considered; and the manager of this department has been in correspondence with various organizations working on the possibility of an international congress on rural credits to be held in San Francisco in 1915. The question of such an international congress has received the favorable consideration of many experts, and, as some of you may know, a jury of inquiry on European cooperative rural credit systems will leave New York on the steamship Saxonia on April 26th. This jury will be made up of two representatives from each state in the Nation that undertakes to take part in the inquiry. The evidence that will be gathered could be made the basis for a national or international congress to be held in San Francisco under the auspices of the exposition. But I am here to invite this organization to father a congress on marketing and rural credits which shall be international in its plan and scope and which will have the full assistance of the entire exposition organization. I trust resolutions may be adopted by this body authorizing the executive committee to arrange for such a congress.

I am tremendously impressed by the importance of this conference and feel assured that great good will come from it.

THE CHAIRMAN: The chair takes pleasure in announcing that Dr. H. A. Foster has consented to come on the program this afternoon. He comes here representing the governor of Nebraska and the legislature of that state.

DR. H. A. FOSTER (Nebraska): As a representative of the Nebraska legislature, I am here this afternoon, and also to deliver a short address for Lieutenant Governor McKelvie.

I suppose the reason I was appointed to represent the legislature was mainly because I was on the investigating committee in Nebraska on the high cost of living, the work of which has been completed there in the last few days, and we have made our report to the Nebraska legislature. I would like to read that to you as a starter.

> Mr. Speaker: Your committee appointed to investigate the wholesale grocery trust and cold storage plants of the state, and their relations to the increased cost of living, has completed its work, and beg leave to report as follows:
>
> Your committee sat in Omaha for eight days as a board of inquisition, and examined more than two score of witnesses representing the Omaha produce exchange, retail grocers and representatives of cold storage plants.
>
> After listening to the testimony your committee is unanimously convinced that the Omaha produce exchange fixes the prices to be paid by retail dealers for eggs, butter and poultry, not only in the city of Omaha, but it reaches out into the state and fixes the prices to be paid for produce brought into Omaha. The evidence also showed that this exchange maintains a black list containing the names of retail dealers who for any reason fail to pay their bills to the commission men weekly. The dealers on this black list can secure no goods from any commission man unless he pays cash on delivery.
>
> Your committee therefore unanimously recommends that the attorney general be instructed by the house to bring such proceedings as he deems necessary to restrain this exchange from fixing the prices to be paid by the retailers for the produce mentioned, and to mete out to the members of the produce exchange such punishment as fits the case.
>
> Your committee also found the prices of storing the necessities of life in cold storage plants has increased the cost of living, but as the cold storage plants largely do an interstate business, we recommend that the

chief clerk of this house be instructed to notify the Nebraska delegation in congress that we request them to work for the enactment of a national law that will reduce the storage prices and the time products may be stored.

A copy of the evidence taken is attached to this report.

(Signed) SNYDER,
FOSTER,
GUSTAFSON,
KNUDSON,
McCARTHY.

DR. FOSTER (continuing): Gentlemen, we had a mass of evidence in that investigation a foot and a half high, and we found that the market conditions in Omaha are such as exist, I suppose, in all the cities of the country. The produce is bought in the country and sent in there and the produce exchange and the organized commission and cold storage men fix the prices. We found that as high as six, seven and eight different middle men handled these goods and made a profit, some of them extortionate. One man among them testified that he had bought two carloads of apples, that he had them only 20 minutes when he sold them at a profit of 10 cents a bushel. The original price to the producer of the apples was only 18 2/3 cents.

I hope, gentlemen, you will not let this meeting expend itself in gas and hot air, but that you will go ahead and carry this thing to a logical conclusion, and that the representatives here will go home to their separate and different states and ask their legislators and congressmen to get busy on a national law regulating cold storage plants. That is one of the big things we have got to handle in this country on the proposition of the high cost of living and marketing rural products. You can have all the organization you want in the country, and when these fellows get into their combine, they get together and fix the prices on the products and say what they will get for butter and other things from the consumer and what they will give to the farmer for butterfat. They fix it their own way.

We cannot make a state law in Nebraska that will govern Illinois, but we can get a national law that will govern us all. We sent as strong a resolution to congress as one of the best men on our committee could write, asking them to go into congress and get a national law that will be effective.

I will now take pleasure in reading to you a short address to this conference from Governor McKelvie.

COOPERATION IS CONSERVATION.

By S. R. McKelvie,

Lieutenant Governor of Nebraska.

The purposes of this conference embrace the largest questions now commanding the attention of all classes of people interested in solving the problem of high and increasing cost of living.

I think it is safe to say that we are all conservationists, but I doubt that we appreciate the fullest meaning of the word ''conservation'' as applied to agriculture. We are intensely interested in the conservation of soil productiveness as a natural resource. Equally important is the phase of conservation which applies to the economic distribution of the products grown upon the land.

Producers and consumers alike are suffered to pay the toll of the gigantic waste in connection with our methods of marketing farm products. The number of producers grows smaller, while the army of distributers is on the increase. Anyone having even the slightest knowledge of the natural laws of economy knows that such a condition as this, if it is permitted to continue and grow, must lead to a disastrous end. A means must be devised by which the products of the farm can be placed in the hands of the consumer by the shortest and quickest route. This necessarily means the elimination of a large number of distributers who are taking an unnecessary toll in our present scheme of distribution.

As conservationists, we are agreed that the natural resources as given to all of the people shall be protected. The largest of these natural resources is the land. The farmer who tills the land is charged with the responsibility of exerting every possible economic means of increasing production, in order that all the people may derive the benefits of the necessities of life coming from the land.

The manufacturer regulates production as a means of regulating price. But the farmer is not permitted to do this, or at least is not encouraged in so doing. If we would encourage the farmer in deriving the maximum production from the land, we must join with him in facilitating and economizing the marketing of farm products as a means of insuring a reasonable profit on the larger crops which he should grow.

As a keen business man, the farmer has seen during the last few years that his smaller crop produces him as much net return as the larger crop. Why, then, should he exert himself and go to the extra expense of gathering the larger crop and marketing it, if he must take a sufficiently lower price as to rob him of an increased total return?

This conference is designed to solve the problems in connection with the products of the farm, after they have been produced, and if it is successful in its work, we can then conscientiously and honestly urge the farmer to grow larger crops. At the same time we will be rendering the largest possible service to the people of all classes.

Dr. Foster (continuing): Now, gentlemen, as I have said before, the matter of the marketing of rural products is a national proposition. While I am a member of the legislature of

Nebraska and we have passed there lately a law regulating this kind of marketing in a way, it is not going to be effective unless we have a national law on this subject, and I hope that every member of every legislature that is present in this meeting, or representing any farmers' or other organization, will see to it that their representatives in congress and in their legislatures take this matter up.

THE CHAIRMAN: The next gentleman on the program has been close in touch with agriculture on many sides for many years and is now connected with the department of agriculture at Washington.

MARKETING FARM PRODUCTS.

W. J. SPILLMAN,

United States Department of Agriculture.

The members of this conference are already familiar with some of the work relating to the marketing of farm products, especially perishable products, that has been conducted for several years past by the various bureaus of the department of agriculture. The most notable work of this character was that conducted under the direction of Mr. G. H. Powell, in connection with the marketing of citrus fruits. These investigations were discussed at this conference by Mr. L. S. Tenny, who assisted Mr. Powell in them.

The bureau of plant industry has also given a good deal of attention to the marketing of the more perishable products, such as the soft fruits and vegetables. The bureau of animal industry has for some years been studying a number of important market problems, the principal one being the marketing of milk. The bureau of chemistry has been studying problems connected with the marketing of eggs and poultry. Some of the work of the bureau of statistics has also had an important relation to the marketing of farm products.

The last congress appropriated the sum of $50,000 with which to make a beginning of a more general study of the subject with a view to being of more concrete service, both to the farmer and to the ultimate consumer. At the present moment plans are being perfected for the institution of this work. These plans will be fully matured before the first of July, and it is hoped that the new office of markets, which is to be established, will be fully organized and ready for work at that time. Secretary Houston and Assistant Secretary Galloway both consider this work of the highest importance, and I believe I am justified in saying that just at the present time they are giving more of their time and thought to it than to any other branch of the department work. The officials of the department are determined that the work conducted under this new appropriation shall be highly practical and of the greatest possible service, both to farmers and to the consuming public.

AWAKENING OF AGRICULTURAL SCIENCE.

Hitherto agricultural science has, in the main, devoted itself to the problems of production. A great deal has been accomplished along this line. Although our virgin soils have been quite generally exhausted of their original fertility and must now be farmed by more intelligent methods than were necessary a generation ago, the yield of crops of all kinds is gradually increasing. But it is becoming more and more apparent that increased production will not of itself meet the needs of either the farmer or of the city consumer. It is now generally recognized that the problems relating to marketing are quite as important as those relating to production, if, indeed, they are not more so. The present movement for cheapening distribution is therefore timely. I am of opinion that it will have vastly more effect on the cost of living than any other movement relating to agriculture.

There is reason to believe, however, that the effect will not be entirely what the friends of this movement anticipate. It is probable that the general consuming public will secure more advantage from the movement than the general body of farmers. Yet it will be of immense importance to farmers in certain localities and temporarily to farmers in all sections of the country.

ECONOMIC LAW AND AGRICULTURE.

There is a general economic law which applies to all industries in which there is free competition, according to which the net income from the industry is, on the average, just sufficient to pay interest on the capital invested and wages to the labor employed. This law applies only under conditions of free competition; but since agriculture is an industry in which there is free competition, it is worth while to consider for a moment the application of this law to this industry.

It must not be inferred that this law operates with equal efficiency at all times. Due to various causes, there will be fluctuations in the profit of any industry, and at times the profits may be larger or smaller than merely sufficient to pay interest and wages. But if at any time they become larger, forces are set to work to reduce them. On the other hand, if they become smaller than sufficient to pay interest and wages, this tends to decrease production and thus to bring prices back to what we may call the normal level, which means the level at which they will pay merely interest and wages.

Let us see whether we can discover the operation of this law in its relation to agriculture. According to the census of 1909, the average capital invested per farm in the United States was $6444; the average gross income per farm, $981; the average gross expenses, $326. This leaves a net farm income of $655. If we assume that money invested in agriculture is worth 4½ per cent interest, we have left a labor income of $365 as the average for the 6,361,502 farms in the United States. But this labor income includes unpaid labor by members of the farm family, which in a number of surveys made by the office of farm management has averaged about $100 per farm. It also includes farm produce consumed by the farmer's family, which is, on the average, about another hundred dollars. Deducting these, the farmer himself gets a cash income for his labor of about $165 a year. He works at productive enterprises, on the average, about half the year. We see, therefore, that he gets about a dollar a day for his labor, which is approximately the average price for farm labor in this country. This is not exactly a princely sum, but we must remember that in addition to this dollar a day for the time he works the farm family gets paid for work done by other members of the family and it has, in addition, that portion of the food of the family furnished by the farm. In addition to this, it has the interest on the capital invested. In all, therefore, the farm family has $645 which it can use without impairing the capital invested in the farm.

In order to compare this figure with some others to be given below, let us recall that the labor income, including the food furnished by the farm and of the labor performed by members of the family, on the average for the whole United States, is $365. For the state of Illinois, the figure is $360; but in addition to this, the Illinois farmer has $697 a year as interest on his investment, so that he is able to live fairly well, provided he does not save anything. In the state of Alabama, the amount the farmer receives in produce from his farm and as pay for labor of himself and family is $345. In addition to this, he has $63 interest on his investment. In the state of New York, the average farmer receives, in produce from his farm and as wages for himself and family an average of $243 per annum, in addition to which the family have at their disposal $303 interest on investment.

The reason for the smaller labor income in New York is found in the greater expense of farming there. Thus, comparing New York and Illinois, although the Illinois farmer has over $15,000 invested and the New York farmer has less than $7000, the amount expended for labor in Illinois is, on the average, $144 per year. In New York it is $192. The feed bill of the average Illinois farmer is $56; on the average New York farm $137, and there are other similar differences in the various items of expenditure on the farm. The relative price of land in these two states reflect this difference in the cost of farming.

These figures show that the economic law above stated applied to agriculture in the United States in 1909. We may add that it applies generally, although there may be periods when the income of the farmer will be somewhat higher than this, as well as periods when the income will be somewhat lower.

Let us now consider the operation of this law in its application to the results which may be accomplished by organizations for marketing farm produce. We might here use concrete examples, but those for which data are available are not quite applicable to the problem in hand. I shall therefore use a hypothetical case.

APPLICATION OF THE LAW.

Let us suppose, for instance, that the truck growers of Texas form an efficient organization for marketing their products and that they are able to get their products to the consumer at a minimum cost, all unnecessary expenses and profits being eliminated. Provided the Texas producers do not increase their output, the stuff they have to sell would continue to sell at the same price it has brought in the past, so far as the consumer is concerned. In this case the Texas farmer would get the full benefit of the saving to be made. We all know that the possible saving in this direction is enormous. This would make truck growing extremely profitable in Texas. But that state is at present producing only a small fraction of the truck crops it could produce. The stimulus to production that would result from high profit in truck growing would immediately cause an enormous increase in acreage. This would result in gross over-production and would reduce prices until even with the saving in marketing a vast number of Texas growers would be driven out of business. After that, assuming that only the Texas farmers are organized for efficient marketing, the acreage of truck crops in that state would gradually become adjusted to the new conditions, and the amount the Texas grower would receive would be just equal to the cost of production, including interest on the investment and wages for labor. But on account of the efficiency of the system of distribution of the Texas produce, other states would be driven out of the business because Texas could sell more cheaply. If we form similar organizations for all producing centers, then what has been said of Texas would apply to the whole country.

General decrease in the cost of marketing would first benefit the farmer by increasing his profit. This would stimulate increased production, which in turn would result in falling prices; so that ultimately the consumer would get the full benefit of the saving effected in marketing.

WHAT THE FARMER MUST DO.

Is there any way, then, by which the farmer could get part of this benefit? Apparently there is only one way to do this, and that may not be practicable —probably is not. For a simple illustration let us take a single crop, and for this purpose we may use potatoes as they are widely grown. At present we are growing 3,669,000 acres of this crop. If all unnecessary expenses and profit could be eliminated in the marketing of potatoes, and if the acreage remains exactly as it is now, there would be no change in the price of potatoes to the consumer and the grower would get the full benefit of the saving. But this increase in profits of the producer would lead to greatly increased production, and a resulting drop in prices. Prices would go below the cost of production and thus drive out a large number of growers. After that, prices would fluctuate to about the normal—that is, the cost of production, and the consumer would reap all the benefit.

Now in order for the farmer to divide with the consumer the benefits to be obtained by saving in marketing, the acreage of this crop must be so adjusted as to produce the quantity of products that consumers will buy at a price somewhat lower than they now pay and leave the producer a price somewhat higher than he now gets.

I think no one will dispute the correctness of this reasoning. If it is correct, then it is quite clear that in addition to systematizing marketing the organizations that are formed for this purpose must also give attention to production. They must ascertain the acreage of each crop which the farmers of this country may safely produce, and a system must be organized whereby every farmer when he is planting will know whether he is planting more of a crop than he can market at a price that will leave him a profit. There will, of course, be fluctuation in production even if the acreage of a crop increases only in proportion to increase in population. On account of variations in the weather, over-production will occur in some seasons and under-production in others, and the best we can hope for under any conditions is that the average production over a series of years may be so adjusted to the demands of our consuming population that the farmer may make a fair profit on his operations, while the consumer will be glad to get his food more cheaply than at present.

The task before us is not a simple one. I believe the organization of efficient systems of marketing is entirely practicable and certainly highly desirable; but unless we can go further than that and adjust production to market demands, the farmer will ultimately get no benefit from the movement further than the benefit that will come to the general public, of which the farmer is a part.

Mr. Swift (of Libertyville, Ill.): It seems to me that that paper is of great interest to every farmer in this country. I wish it might be distributed. I want to read it myself at a time when I have time to think it over, and I hope that this meeting will take some means of seeing that it is distributed.

The Chairman: We hope that the minutes of all these proceedings will be published. The committee on organization will recommend a plan for doing so, which we trust will be satisfactory to this body.

Mr. Pollard (of Nebraska): I should like to ask Dr. Spillman a question if I may do so, and I would like to preface that question with about a minute's statement.

We have come here, most of us, for the purpose of getting at this question of the high cost of living and we are seeking to reach that through the institution of cooperative methods of marketing.

I should like to ask Dr. Spillman whether in his studies in the United States department of agriculture any attention has been given by himself or his corps of assistants to the subject of eliminating at least some part of the middle men and making the route shorter from the producer to the consumer?

Dr. Spillman: I will say that as chairman of the committee, which is organizing the new office of "Markets" in the department of agriculture, that I look upon the movement to get a more direct route between the producer and the consumer as the most vital thing to be done. I think the time has come when every unnecessary middle man must be eliminated. I think the time has come when every exorbitant profit must be eliminated.

Now, I do not believe that it is feasible or desirable or possible to eliminate all middle men. They have a legitimate function to perform, but it is not a part of the legitimate function which they have to perform for those men to hold meetings in the back room of some man's commission store and set the prices that they are going to pay the farmer and the prices the consumer is going to pay them. We have been rapidly approaching, in the past few years, in this country, a condition in which the middle men were thoroughly organized, the producer thoroughly unorganized and the consumer thoroughly unorganized. The organized bodies of men have been in position, naturally, to take all the profit at both ends of the line. There has been a tendency —not absolute in all cases, but a tendency to pay the producer the smallest sum he will take and continue to produce, and to charge the consumer the highest price he will pay and continue to consume. These are simple facts which every man who has studied this question recognizes as true. Now, we want to face these facts and the department of agriculture proposes to face them. We try to do the best we can. Of course, we are fallable men, we are limited in our ability, we are limited in our funds—very much so. We have $50,000 to do that work.

A DELEGATE: And millions for the navy.

DR. SPILLMAN: Yes, a hundred and twenty millions for the navy, I think. But congress recognizes its duty in this matter, and congress is not going to be niggardly in the support of this work when it is shown that the department can get results with the money appropriated. You have nothing to fear from congress. They are liberal in the support of the right things.

Of course I am not empowered to speak for the secretary of agriculture on this particular point; I am merely speaking to you as a farmer and citizen. Personally, I believe that the funds for carrying on this work will be largely and rapidly increased and I look for the work to have a most important result. But, as I said in my paper, many of you men are going to be disappointed in the results that will come from the systematizing of marketing. We may point to the citrus fruit growers of California. Let me tell you what has happened there and what will happen in the future. I am just as certain of what will happen in the future as I am of what has happened in the past on that score. That sounds like rather big talk.

Before they organized out there they had a serious condition. There was hardly any grower making expenses. A large number of those orchards were owned by wealthy men living in New York, Chicago or St. Louis, whose winter homes were in Southern California. They have the orange orchards as playthings and they enjoy them. They were not much concerned. But the real estate men in California have been so unwise as to sell a lot of orange land to people who had to make their living out of it, and that is what caused all the trouble. These people were not able to make a living, so they were driven to organization. Fortunately they had these rich men there, a lot of them who understood cooperation—knew how to do it. They organized. They made 20 or 30 unsuccessful attempts, until after a while they employed a business man and paid him $10,000 a year, and they are paying Mr. Powell, formerly one of our men, $13,500 a year to manage their cooperative associations. So they have got ability.

They thought they had over production before. They are now producing four times as many oranges as they did before and we are paying for oranges just what we used to pay, or a little less. I can get good oranges in Washington City at any time of the year at 35 cents a dozen. I never could get them cheaper than that, while at the present time, instead of every orange grower losing money, those who are most familiar with the situation out there, tell me that at least 25 per cent of those merchants are making a profit, a thing that never happened before. But why are they making a profit? It is because they have not yet attempted to bring about actual over-production.

Now, there is not a man or woman here but what knows that just the very year all these vast orange orchards that are now planted and those that are to be planted, while there is any money to be made in the business, when they come into bearing and when we get all the possible orange land planted, that if at that time they produce more oranges than the public will take, you know what will happen—no use for me to tell you, every one of you know what will happen. Just what has happened every time such a thing has occurred in the history of the world and will happen every time that occurs again—the price will go below the cost of production and that will drive people out of the business. After that there will be fluctuation. The average price will go down to the cost of production and remain there indefinitely unless they limit production. That is the only way to do the thing. So I could give you another illustration, but it will be just a repetition, but it will be from exactly the other corner of the United States.

In Northern Maine we have potato production. One county up there stayed in the potato business and 15 years ago they found they could grow potatoes much more cheaply than the rest of New England. They went into the business on a large scale, land raised rapidly from $30 to $130, and after a while the potatoes produced in Aroostook county, Maine, began to have an effect on the price. It cost on an average 50 cents a bushel to produce and market these potatoes. When the price went down to 22 cents a bushel it had a dampening effect on the potato production, and the fact is that Aroostook county is absolutely driving out of every state in New England the production of potatoes. Fortunately Aroostook county has not been able to grow all the potatoes they can reach a market for, but when they do that the price will go down to the cost of production. Then there will be a lot of mortgages in Aroostook county, a lot of sheriff sales. After that the products will go down until it will produce that supply, which will cause prices to stay at the cost of production.

Now, when we eliminate this unnecessary expense in marketing, the first effect the farmer will get will be a lot of benefit, but if that causes the farmer to increase his production he will kill the goose that lays the golden egg.

A Delegate: How will you prevent it?

Dr. Spillman: I do not know. I said in my paper that I did not think it was at all probable that it could be prevented. But look here, the farmer has always got on the average enough income to pay the interest on his investment and to pay him ordinary wages for his work. The cotton growers of the South who works efficiently about 50 days in the year gets about $50 a year for that work. If in addition to the cotton he grows, he also grows corn and oats and rye and peas and a few other things and works 100 days, he gets $100 in the year. That is the only way to raise the farmer's income; to give him more days' work, and when he does go to work, doing his work with four horses instead of one little mule. When he does that and gets that, you can't take it away from him. Here in Illinois we saw a while ago that in addition to his regular labor income which the farmer has always got, the Illinois farmer gets a good interest on his investment. The Illinois farmer farms with a five-horse team and he farms 200 acres instead of 20. He probably will use motors when the farm gets big enough. Out on the big farms of the West he is using a five-horse power engine, and if he had the climate of Illinois he would be making $2000 or $3000 as labor income.

A Delegate: What is your idea as to what is the matter with cooperative farming?

Dr. Spillman: Of course that is a possibility. The only difficulty I see in the way of it is the intense individualism of the American farmer. Education will do an enormous lot of things. It may be possible to get cooperative farming instead of one man farming his little 20 or 40 or 80 acres, when by cooperation they can farm a thousand acres without hiring any more labor.

A Delegate: Is it your idea that the fruit grower, the citrus grower, the grain farmer—that all of these lines are in danger of being overproduced?

Dr. Spillman: Yes, I think so.

A Delegate: Is it not possible that we can reestablish by means of the apparent over-production an outlet through the channels of export trade as the world is increasing in population and the means of subsistence decrease relatively, that we can furnish them our little surplus and still maintain our integrity without depreciating relatively all of the products that grow on the farm?

Dr. Spillman: Rice can be laid down in England from China for about one-half what it costs to grow it in the United States. Wheat is a world crop. We are producing 25 per cent fewer acres of wheat now than we were 20 years ago, because it is a world crop and the world is producing all the wheat it wants. If wheat should go to $4 a bushel we could produce four times as much as we are producing today. If corn should go to $1 a bushel, with our present acreage of corn, we could double the number of acres produced easily.

A Delegate: But China is waking up from her sleep.

Dr. Spillman: Yes, but she probably will not forget her cheap methods of producing. I do not think that the production of rice in China will grow more expensive—it may possibly. If it does it is a hope for us, but that is a big "IF." Remember, we are producing an average of 25 bushels of corn to the acre. Now, any "onery" clodhopper can beat that if you will pay him enough to justify him in it. You just double the value of corn and you would come pretty nearly to doubling the production.

A Delegate: We had a little girl out in Oklahoma who raised 95 bushels to the acre.

Another Delegate: Isn't it a fact that 10 years hence we will be feeding a good many more people than we are today?

Dr. Spillman: Yes, and we will be producing more.

The Delegate: Then, won't that condition meet your theory?

Dr. Spillman: No; that is a part of my prediction.

The Delegate: You say we could produce four times as much wheat if we could get $4 a bushel. Would not the people who are raising wheat go to raising something else?

Dr. Spillman: Of course, if you make wheat $4 a bushel other things will be brought up in sympathy with it; but, of course, that is an impossible assumption.

Mr. Secor (of Iowa): Can you tell us the position of the department of justice in relation to those restrictions of output by the farmers and what will be the future?

Dr. Spillman: No, I don't know.

Mr. McKerrow: While we are theorizing, I would like to ask a question and see if we can't get the professor in still a little deeper. In all these productions, don't we have competition that will grow stronger, year after year? Consider the transportation that must come from the Panama canal and other improvements and the growth of other countries that will mean possibly a reduction in our production. There is South America, Central America, New Zealand, Australia, the products of all these countries will get to our markets a good deal easier and ours to them.

DR. SPILLMAN: There is no use to theorize about it. We are just stating facts. Suppose, for instance, that the Argentine meat producers begin to bring their meat in here and have to pay no tariff. Meat sells higher here than in any other country in the world. Suppose the Argentine meat producer sends his meat here, won't it tend to keep down the price of cattle on the farm in this country? Is that a theory? Have I stated any theories here this afternoon? It is true I have made some predictions, but I am perfectly willing to risk my reputation on those predictions.

MR. MCKERROW: Your theories looked to me at if they would work out.

JUDGE KONE: Doctor, I understood you to say that the cotton farmer got $50 a year because he only worked 50 days a year?

DR. SPILLMAN: You got my statement turned around. I said the cotton farmer who works 50 days in the year—and some of them do that, as you know—he gets $50, and the cotton farmer who works 100 days in the year gets $100. And some of them work 300 days in the year and work efficiently, and they get $300 a year.

JUDGE KONE: I did misunderstand you, but I do want to say this, that any cotton farmer who does his duty on his farm comes very near working 365 days in the year.

DR. SPILLMAN: I admit it.

JUDGE KONE: And I want to say this, that the fellow that works 50 days in the year never gets even $50, he won't get $25.

MR. BRADY: Is not the high cost of labor in this country the main cause of the high cost of living?

DR. SPILLMAN: I don't think it is the main cause, but it is an important cause.

MR. BRADY: Are we inferior to the Chinese?

DR. SPILLMAN: No, and that is the reason we cannot produce rice as cheaply as they can.

MR. BRADY: If we worked for the same wages, wouldn't we produce just as much and as cheaply?

DR. SPILLMAN: No, sir.

MR. BRADY: Then isn't it the only cause?

DR. SPILLMAN: In the case of rice, yes. But look here, there are some things that we eat in this country besides rice. The difference in the price of labor may be wholly the reason why rice is higher priced in this country than in that. But there are a few other things, a good many other things, and the price of labor is only one of them. Let me say this—this sounds like a paradox, but it is true and it is no theory, and I have got the figures to show—that when the farmer pays high wages, the farmer himself get high wages; when the farmer pays low wages, the farmer gets low wages, and the only way to raise the standard of living on the farms of this country is to enable the farmer to work more days in the year, to use more power when he does work, and to pay higher wages to labor.

If farm laborers in this country, on the average, got $1000 a year, the average farmers of this country would get $1000; but farm labor, the average, is $300 a year, and the average farmer gets that. He will always get the same as his laborer gets—the average will. Now, we speak a great deal about how if all the farmers would do so-and-so, this-and-that would be true. There is no greater fallacy. Here is a farmer down in Indiana who regularly produced 80 bushels of corn to the acre. I know how he does it, I could do it myself on my own farm, and so every other farmer in this country, if he did what that man does, could do the same. But that man, by producing 80 bushels of corn to the acre, gets a very big income from that corn. If all farmers did that would they all get big incomes from corn? Not on your life.

A Delegate: I have seen a man get 100 bushels to the acre, and it netted him $1 a bushel.

Dr. Spillman: That is an exceptional case, of course.

A Delegate: Is there anything in the last analysis, but labor, in any product?

Dr. Spillman: No.

The Delegate: Is there anything but cooperation that will give anybody the full product of his labor?

Dr. Spillman: The ultimate importance of cooperation will be this, that it will enable all men who cooperate adequately to get the value of their labor and—let me say this, gentlemen, that is all any man is entitled to.

Mr. Haskins (Illinois): When we get a system that will give every man the full product of his labor through cooperation, then every farmer can have oranges on his breakfast table and there will be no limit to the price of oranges. Oranges will not be produced at a loss when everybody can have them on their tables, and it is simply a question of getting a system of cooperation so that everybody will get the full product of their labor, and a whole lot of other people will not be getting something for nothing. Now, let us study the problem of cooperation in such a way that the producers and the consumers will own the instruments of service themselves, and they will not be owned by somebody over in Europe or somewhere else, nor will the people, the workers, the farmers in the country and the workers in the city, be producing for the benefit of others. Let the farmers in the country and the workers in the city produce for each other; let them have the ownership. Let the workers in the city have the ownership of the instruments of service in the country and the farmers of the country have more or less a degree of ownership in the instruments of service in the city. The means of distribution and production, both in the city and in the country should be owned by a cooperative system that will benefit all workers, whether they be city or country workers, instead of being owned by those, who more or less have a special privilege.

Mr. Pollard (Nebraska): I believe that I am in a hopeless minority here this afternoon in being a producer. I am a farmer and do not believe there are very many here.

The Chairman: Let us see. All of you who are farmers hold up your hands. Oh, yes, there are a lot of them.

Mr. Pollard: That is pretty good. I thought most of you were simply consumers.

A Delegate: Here is a gentleman over here that sells a carload of steers every month and has 4000 bushels of apples to sell and a lot of hogs. He is asking the question, How am I going to sell them without going to the commission men?

Mr. Pollard: That is what I want to get at. This whole program has been apparently for the benefit of the farmer. I want to say to you, gentlemen, that the farmers of Nebraska can take care of themselves. We are all right, getting along fine. We are not worrying so much about the cost of production as we are the cost of marketing.

Now, it seems to me that our efforts in this conference ought to be directed more towards reduction in the cost of marketing and bringing the consumer nearer to the producer. The farmers are not complaining about the price of grain or hogs or cattle or meat and we are satisfied, but what we object to is paying from one to 300 per cent to market our crops. It seems to me that it ought to be the business of this conference to get the consumers to organize into cooperative associations. We have cooperative associations in Eastern Nebraska. I am representing here today the Fruit Growers' association and we would be tickled to death out there, as growers of apples, to get into touch with the management of your cooperative enterprises among consumers here, and we will sell you apples for one-fourth of what you are paying for them today, and then we will make more money out of our apples than we are making today. There is the meat of the cocoanut, the excessive cost of marketing our products. And while we are talking about cooperation among the farmers and racking our brains to devise means for the farmers to get together and reduce the cost of production, what we would like to see is some getting together to reduce the cost of marketing and when we do that we will sure reduce the high cost of living.

The preliminary report of the committee on organization was brought into the convention by Judge Lindsey and read.

After some general discussion, the motion was made, seconded and carried, that further action on this report be postponed until the report of the committee on resolutions be brought in.

EVENING SESSION, WEDNESDAY, APRIL 9, 1913.

The conference met at 7:30 p. m. Mr. George McKerrow of Wisconsin presiding.

Mr. Hull: I understand that this session this evening is especially to hear from representatives of different societies.

I suggest, in order that every one shall have a fair show and that we may get done in time to get back here in the morning, that each speaker shall be limited to 15 minutes, and that there shall be no discussion until all the speakers get through and that no one shall discuss longer than five minutes. I make that motion.

The motion seconded, was put to the house and carried.

THE FARMERS' UNION.

Peter Radford,

President Texas Farmers' Union.

I do not want to talk as bad as I did this morning. When I first came into this meeting I was perfectly willing and thought it best to let this convention meet and do what it had to do without reference to any organization that was in existence, either in Texas or anywhere else, but when I heard so much said this morning about the failures of the farmer and the farmers' organizations and that the farmer was not a business man, I thought it was time for something to be said for the farmer, because the fact is that the farmer is the only man on earth that has done business for 50 years and has not made a failure.

There are farmers who are rich. We have some of the wealthiest men in Texas today in the farmers' union, men worth millions of dollars. We have one man who has 3000 acres in cotton. We have some that made 1500 bales of cotton last year. The farmer is a business man if he is a farmer, or he is not anything. These speeches that have been made sounded as if the farmer never was a success. I want to tell you I am a farmer and nothing else and I don't want to be anything else. That is why I am here, to keep from being forced to do something else that will pay better. The farmers have succeeded in their business just as well as any other business in proportion to other classes when you go into the business part of the farming, and where farming is done as a rule. We have some men who are poor on the farm, that can't help themselves, and we want to do all we can to help them by this farmers' union.

I tell you there never has been a farmers' organization that ever failed in the history of mankind. The farmer wasn't the man that failed, the reason they did not succeed in doing all that they wanted to do was because they did not get the cooperation of the men that they ought to have had. Up till a very few years ago business people have absolutely refused to recognize the farmer as a business man and a factor in the business world to be considered and to be talked to as a reasonable business man, but in the last few years he is looked at in a different way, and that is why you gentlemen are here today.

You are not here just for fun.

This meeting means something, and I want to show you as briefly as I can one farmers' organization that has succeeded. It has not done all that it set out to do, it has not done all the good that ought to have been done in the time it has been in existence, but it has not failed. Because an organizaion has failed in some respects to accomplish the work it set out to do, does not mean that it was a failure. If that were so, Jesus Christ was a failure, because I am sure He came here to save every man, woman and child in the entire world; but He didn't do it. Nevertheless His life was a success.

The farmers' union and other organizations that I could mention have succeeded in creating big sentiment, and in putting into effect certain principles of cooperation that the business world itself cannot get around.

Now, mark you, when the farmers' union at first organized 11 years ago, the farmers, as a rule, were alone and they were in debt. Here is the principle it was organized on. It was organized to educate the agricultural classes in scientific farming, 11 years ago.

Here is Judge Kone. He and a few others advocated the activity of the federal government, wanted them to teach the farmers the classification of crops, domestic economy and the process of farming. The farmers' union 11 years ago taught that. It taught systematized methods of production and marketing. Cotton was selling at that time at an average of $7.30 a hundred pounds. Since it was organized, except one year, cotton has sold at an average of about 11 cents a pound. It shows that the farmers' union on its cooperative system on its national side, has been a success so far, the object being to teach them to market their crops right, not to put any more on the market than the market needed.

They built warehouses and asked help to hold these crops, so that no more should be put on the market than was required, so as to supply the demand and meet the reaction in commerce and trade. Our state authorities refused to do that, but last year—you heard Judge Lindsey from Texas tell about how a commission of business people investigated this matter and how they taught the principles we have advocated all this time. Last year they placed in the hands of our organization forty odd million dollars to help us to market the crops of the Southland. We had one trouble. We could not get the cooperation of the bankers in many respects, nor of the merchants nor of a great many other classes of men, professional and others. And why? They did not believe that the market could be controlled. A great many of them do not believe it today. What did we do? We went before them and we pleaded with them, and today in Texas, and in the South generally, we have a business that is really a legitimate business in our state. That is what the farmers' union has done.

There are many other things it has done, yet it has not done all the good that it ought to have done in that time, but it has had the effect of educating the farmers, which was their object in organizing, particularly, with respect to selling and to buying. I want to tell you that our organization stands today in the South and in this United States in 22 States, and it is a monument along its pathway that that organization is a success. When you talk to me about farmers not organizing, I want to tell you gentlemen that you never were worse mistaken in your life when you think the farmer is too ignorant to know when he should have anything that is good for him. I want to tell you, gentlemen, that the best class of farmers will compare as favorably as any other class, so far as understanding their business is concerned. But what is the trouble? He does not get paid enough for what he does. Who is to blame? You talk about the children going back to the farm. You educate the girl or the boy in the country—they are going where they will get paid for the service they render for the country's good and all this talk about the city growing and the girls and boys going back to the farm is nonsense to the average boy and girl on the farm, unless you can show them that the farm pays.

Our organization was organized to help the farmer, to educate him, to teach him how, not only to produce wealth, not only to make two blades of grass grow where one grew before, but how to get paid for that extra blade of grass, or not to grow it.

The marketing system we have had for 40 years reflects on the business wisdom of our boasted business men. You take cotton in the South. There isn't a man in the South that can tell tonight what a pound of cotton is going to be worth in the bale. And why? Because there is nobody in that country that has any say as to what it is worth or will be worth. And why? Because there are men—there are gamblers, men, who set the price on that product.

The farmers' union has undertaken a big task, to set the price. If I had time, I could show you here to night what cotton is worth and that price would be set according to God's law, according to that well-settled demand that every man who does something for the country's good gets pay in proportion to the service rendered.

We boast of our educational advance, but we allow gamblers to squander the energy and the strength of our American farmer. That is tough. There are too many men relieving themselves of responsibility who ought to be taking part in this fight. The reason that I am here, the reason that I am associated with these people is that I am a farmer, representing such an association, and thus carrying more interest than any man there is in the South.

Our people have learned the importance of being on the right side of this question.

The price of the farmer's product, the price it brings, means the test of our education and we are trying to bring this matter to the business men, so that they will realize they must be on one side or the other, they could not be on both. You must either stand with the farmer and help him to solve his problems and market his products successfully, or you stand with the other fellow who has been for 50 years and more taking about 85 per cent of his labor.

A great many people think you are going to get prices too high. I have got a heap of sympathy for the consumer, but I want to tell you here the consumer must organize himself. The farmer can't stand and wait any longer. The consumer must organize and get in shape to do business with the farmer. The farmer is going to protect himself.

You have heard a good deal about the farmers' prosperity, and he is not a pauper. Many of them are rich. Some men make money in all circumstances. Some ride in automobiles, and some in ox carts. That doesn't make any difference. I wish every farmer in this country of ours could ride in an automobile. And conditions should be such that the farmer gets pay in proportion to the services he renders for the country's good. When that is done, the farmer will not be a borrower, but he will be a lender.

That is the trouble. Most everything that is done here seems to be with the idea of lending a helping hand to the farmer. I want to tell you the farmer can come just about as near taking care of himself as you can. Whatever you do here, for the farmer, you are doing to help yourselves—you are helping the farmer and you are helping every other interest. Don't you be unloading on the farmer. He knows what you are after, and he wants it done, too, and is willing to do his part, and you can get the farmers' cooperation and you can get him organized, if you will give him a tangible proposition as a result of this convention.

THE GRANGE.

OLIVER WILSON,

Master National Grange.

Our organization is also a ladies' organization. We take in the family. We believe the successful farm must have the man and the woman. We are believers also that for any successful organization it is as necessary that she shall be there.

This organization of ours is the oldest farm organization probably in the world, starting almost 50 years ago, and it has not been a failure.

It was organized to unite the farmer of every section of the country, North, South, East and West. Its main object was education. Education we believe to be the keynote and the cornerstone of civilization, practical education. To teach the farmer better conditions; to teach him to understand his business more thoroughly; to teach him along the line of the necessity of conservation of natural resources and also to teach him that one of the greatest objects and the greatest duties of this organization is to see to and look after the conservation of the American child, its morals, its intellect.

And so this organization stands on the broad ground of an organization for the benefit of all the people. We do not wish to antagonize any legitimate interest whatever.

We believe in organization; we believe in the organization of the farmer. We have heard much in years gone by to the effect that the farmer did not have a fair show in this race for life and many of us who have labored long and diligently on the farm and have seen others outstrip us in the financial world, may believe that there is some reason for this.

But our organization does not hold out enmity or antagonism against other organizations. We ask all organizations, all legitimate interests, to come in in a great bond of fellowship for the uplifting and upbuilding, not only of American agriculture, but all American institutions. We ask the other farm organizations, as we believe we have a right to ask, being the parent organization, as it were, to come in and unite our efforts in one grand movement forward, that we may hold our position among America's great institutions.

Some one said here today (or tonight) that they wanted to hear of an organization that had done something. Now, it is a pretty hard job, in 10 minutes, to go over the history of half a century as to what this organization has done.

It has brought about a better condition in agriculture; it has made happier homes. It has made us realize the necessity of a better system along these various lines, but there are some certain things that this organization has been an active factor in accomplishing, and I would just merely touch upon them.

First, upon the line of organization legislation.

This organization of ours is absolutely a non-partizan organization. It is an organization that does not in any way curtail the political rights or opinions of any of its members. It does believe that the farmer has his duty to perform along these lines in the political field. It does believe that the farmer should be organized and united so that he should increase his political power—and when I use the word "political," I use it not in a partizan sense, but meaning that the farmers should be so organized that they will be an active, potent factor in establishing legislation—not only in the various states, but in the Nation. Along these lines we have acted for 46 or 47 years.

In a very early day the grange acted along the line of legislation in securing various patent laws in this country that have been of advantage to not only the American farmer, but the whole people.

Very early in its history, it advocated the pure food laws, and if you follow up those laws you will see that the grange has been an active force in bringing about that legislation.

For 12 years did the National grange petition congress to raise the commissioner of agriculture to a cabinet position, and we secured that. At that time we worked almost alone; because there were few if any other farm organizations to help us out. But after a 12-year struggle, the commissioner of agriculture was raised to a cabinet position, and it is not necessary to tell this intelligent audience what that has accomplished for the American farmer.

We also advocated along with the new organizations the rural mail delivery. It was one of the strong, potent forces along this line, and that has become a fact; although there were many people who told us it was impossible and that we never could expect to see the rural mail brought into our rural communities, and left at the farmer's door; but it is here, and a very large proportion of our farm people are daily receiving mail at the hands of the United States government.

We later, and for 20 years, advocated the election of United States senators by a direct vote of the people. A great cry went out from certain interests that the farmer would ruin the country, that you would undermine all the principles of civil government; but the agitation grew and education went on, and so it is that in the last few days, the 36th state of the union has advocated this measure, that the grange advocated about 35 years ago.

And so the world "do move" and we are going on and on.

We could go on and speak of other great achievements. I believe the grange was the first organization that actively took up and asked for a better system of parcel post in connection with kindred organizations. The parcel post is here, and it is saving the people of the United States a million dollars annually.

So it is along these lines we have worked.

We were the first organization to advocate cooperation among farmers. We believe in cooperation. In fact, there is nothing of value can be done without cooperation and we believe in financial cooperation.

But I want to say here that in all our activities and with our cooperative method, it has not been the object of this organization, nor our intent or desire, to lay a single burden on the consumers of this country. We believe that a certain system can be brought about whereby a system of marketing crops and transporting them can be put into use that will be advantageous to the farmer, and at the same time, equally advantageous to the consumer. And so, if the consumers of this country fully realized and understood the principles we advocate, I am satisfied we would have every consumer on our side within the next 24 hours, because the object is absolutely to benefit the consumer, as well as the producer.

I heard a few days ago some one said that this grange of ours was too slow. But I want to tell you that there has not been as great a growth, there has not been as many new granges organized in the United States since the year 1873 when the tidal wave of organization swept through this country, as there were in the last fiscal year. More granges were organized, more members were added, greater work has been accomplished than ever before. So this organization is going on and on.

We believe that it is not only a privilege, but a duty to work with the people of the cities. If there are hardships, if there are cases where the farmer is not receiving as great a benefit as some of his professional brothers, I am a believer that the fault lies with the farmer and not with the other fellow. The farmers of this country are waking up. They are realizing that if they do not look after their interests that no one will look after them, and so we are going on and on, in this great mighty march, working hand in hand, for the uplifting of American agriculture.

The grange is here to stay; it is here for a purpose. It is here to benefit the great mass of American people and its great labor has just begun.

THE AMERICAN SOCIETY OF EQUITY.

M. WES. TUBBS,

Secretary Wisconsin State Organization.

I am glad to be from Wisconsin. Wisconsin is recognized as one of the leading progressive states in constructive matters and it is perhaps the leading state in cooperating activities among farmers, taken as a whole. I mean by that, all of the interests are more or less organized cooperatively and are doing business collectively. The work has been in progress in Wisconsin under our organization for nearly 10 years—nearly 11 years, in fact; and during the last four or five years it has been my pleasure and duty to assist in this work as much as possible.

We have been doing some things in Wisconsin, and we are claiming a good deal of credit for the cooperative sentiment that is in that state. We can well remember the time when our agricultural institutions and the state farm papers and speakers in public were very silent upon the important proposition of marketing farm products, or of being able to have any control over the price of such products by controlling the supply. At one time, many of you will remember, it was considered a sort of a crazy notion; the whole world sneered at the idea of farmers being able to organize and cooperate and exert any considerable influence on marketing as a means of compelling profitable prices for their crops, and you will recognize something of the warfare that was carried on in Kentucky when the tobacco interests, perhaps one of the best machines ever produced, was forced to ''come to time,'' when the farmers set a price upon their tobacco and paid the carrying charges for three years.

You will also remember the action of the grain growers. Four or five years the great terminal markets were practically bare of grain and the grain was held in the warehouses of the farmers all over the country until it was to be delivered.

Those are some of the things that have been brought about by this agitation and cooperation among farmers. It has forced the agricultural press, the institute workers and the machine of education to recognize us. It brought about a general recognition of the fact that it is possible to control the market and receive better prices for the productions of the farm.

Our organization in Wisconsin perhaps was not really appreciated until following the legislative session of 1909. The legislative session of 1907 passed a law appropriating money for the starting of a binder twine plant in that state. The legislature of 1909 came along and the lobbyists of the trusts came along with it and the merchants and manufacturers of the state got busy. They influenced the legislators of that session to vote against making any appropriation on the binder twine proposition, and it was stopped for two years. The farmers had been organized in the meantime, and there were something like 12,000 on the roll. They also got busy, and elected 47 out of 52 of that bunch of legislators. They worked there in the session of 1911, and the result was that session appropriated money to complete a plant which turned out twine to the extent of about two million pounds per year, at much less cost than if we had not the plant.

As I said, some of the educational people of the state began to realize that there was a farmers' organization up there that meant something. And we do not intend that they shall forget that we are there.

This organization for the past five years in Wisconsin has been publishing its own farm paper. We do not go into the matter of production, improvement of quality and increase of quantity very much, because we have learned the lesson that it does not pay to over-produce. There were 900 million bushels of potatoes produced last year more than in 1911, and the farmers were penalized to the extent of 88 million dollars for producing that extra supply and we consider it mighty poor business to produce that extra quantity of stuff. Since most of the farm papers, until very recently, have strongly advocated this matter of increasing the quantity, we have found it better to get out our own paper, showing the necessity of cooperation and organization as a means of compelling profitable prices and a square deal along legislative lines.

CHICAGO MILK PRODUCERS' ASSOCIATION.

Albert E. Jack,

Secretary, Chicago, Illinois.

I come before you with a very simple, plain story of a successful organization. We have nothing to boast of, but I have some plain, simple facts to present.

I suppose you know that the milk of this city comes from the farmers within about 75 miles of Chicago; that it takes about 30,000 to 40,000 cans of milk a day to supply the milk of this city, and that it takes about 12,000 farmers to furnish the milk.

Up to 10 days ago no one of the dairy farmers in this region, no person who is living within this distance of Chicago, had anything to say about the price which he was to receive for his milk. The milk was furnished by us, the farmers. It was taken by the great distributors of this city.

There are two classes of distributors: those who bottle their milk in the country and distribute it in the city, known as the great distributors; and the smaller distributors, who peddle it around from cans. The great distributors have always fixed the price. We took the price, whatever they gave, and it was always small.

Four years ago, we organized in this very house an organization known as the Milk Producers' association, and we created quite a stir. We shouted here and we waved the flag there, and as a result of that, the people, who always fixed the price, that spring, gave us the highest price that they had ever given. And the following winter, they continued to give a little extra higher price. That was without our saying anything, or doing anything particular about it.

Two years went along. Our interest was taken in other things, we didn't come to the scratch, and the price went down, but in this last December we, as an organization, began to get busy.

You know it is the people who bottle in the country that fix the price. A number of us went to see various plants, all over this northern part of Illinois. We went to these gentlemen to tell them that the price of milk was too low. We went to show them how much they were making on the dairy farmers, and that they could not continue to do business with them at this price.

Remember, last summer we got 2⅝ cents a quart for milk, and it was delivered in Chicago for 8 cents a quart. We went to the various plants with a paper, and asked the people if they would not sign a resolution saying that we will leave the selling of our milk to a committee of three men, our brothers, and that they must stay by the price. We in the meantime had suggested a price for the milk, it was this, $1.50 a hundred pounds for milk to be bottled, and $1.25 a can for milk delivered in Chicago. We went out to fight and to maintain that price.

There are two days in the year, or have been previous to this time, when the price of milk has been set, that is the 15th day of March and the 15th day of September, and there is just one day that the company's books are open from 8 o'clock in the morning till 4 at night, and that is the 15th day of March, and all these people have signed up over 95 per cent of their milk, the first day. That has been the history for 40 years.

Remember, we are up against powerful organizations. One company alone is capitalized at over $40,000,000 to do business in a lot of different cities of the United States.

These people all said, ''Oh, these farmers won't stick.'' They laughed me in the face. They said, ''You are a foolish fellow; you have been a school teacher some time and we know that you haven't any back bone.'' They laughed at me, but I stuck to them. We did not waver one moment; we set the price for milk this summer, said it must be at least $1.50 a hundred for bottled milk, and $1.25 for cans. And before the 15th day of March came, we had signed up thousands and thousands of dairymen, who said, ''We are going to stand for the price.''

The 15th day of March came. The question was in all our minds what price the big company was going to make. Remember, last summer it had made a price of $1.26⅔ a hundred pounds and we were asking $1.50.

The books were opened in the morning. The big company offered $1.34⅓, and its book was the only book opened that day. The other companies did not open their books. There was nothing doing. Not one per cent of milk signed on that first day; and that is the first time in the history of the company that they did not get over 95 per cent the first day. That was Saturday, the 15th day of March.

On Monday, another company, having had 48 hours to think over the matter, raised the price to $1.48⅓ for 3.6 milk, and 2 cents for every point over that.

Some other companies, in the course of two or three days, said, ''We will do better than that,'' and they offered $1.50 a hundred straight. We said ''Sign up.'' That helped the situation very materially as to the big company. It only had offered $1.34⅓ and was getting no milk. We said to the other fellows, ''Sign up.'' Here is what happened at St. Charles: One hour after the order went out for our farmers to sell milk, the other people were wild. That night, one company had over 50,000 pounds of milk, and it only left 15,000 for the big distributor to take. What happened at St. Charles happened at a number of other places. The thing went on several days. The other people got their milk but the big company got none. The manager came out on the 15-hour train from New York, and held conferences. All the superintendents from the various plants went into town to meet him and they told him that he would have to come to the price, or he would not get the milk. In the course of three or four days he came out with a new price, the first time in 40 years' experience. He brought up the price to $1.40 5/6 for any kind of milk and a 10-cent premium for milk that will test 3.8.

We didn't like that, and we fought. Well, the result was that three-fifths of all the milk going into Chicago this summer goes in there at our price. The big company gets milk a little bit cheaper, but pays an awful price for it. Thousands of gallons of milk which it once got we diverted to other channels and many of its plants are running at a loss.

In the meantime, our organization has put into the pockets of these 12,000 milk producers about a million and a half, averaging from $156 to $200 each, which we think is pretty good.

Do you know this afternoon you all got hypnotized; you got struck. You came here to consider organization, and what you can accomplish by cooperation and organization. There was a learned man got up here this afternoon and he paralyzed you. He came up with a learned address, the result of which was that you cannot do much with organization.

Gentlemen, don't you believe it; I want to say to you, take courage. There is a fallacy in that argument, and I want to show it to you. This gentleman says the law of supply and demand works there, and whenever you raise the price a little, there will be more people get started out and doing that business and then the price will surely go down again.

The trouble with that argument is that it begs the question. Here is what we want to do as an organization—to fix things so that the law of supply and demand does not work. That is what all business is doing. That is the very point of the argument, the very crux of that question.

You come into this hotel at night and you say, ''I would like to stay all night.'' They say, ''It is $1.50 or $2.50.'' Now, it doesn't make any difference whether there is only one room left or every room in the house is taken, that is the price, isn't it? And that is the way with every kind of business.

Take his illustration about the orange growers. He said the orange growers can make money now, but let them go ahead a little and grow more oranges and the market will go down. No, it won't, not if the orange growers do as this man does who owns this hotel. If this man's rooms are empty, does he get shaky and say to a guest, ''You can have a room at 23 cents?'' The railroads don't make any difference when you go to New York, if there is nobody on the train but you. And that is the way to do with the orange people, and the milk business, and every other business. This man at the hotel fixes the price high enough so that he still makes money if his house is only two-thirds full.

Now, that is the way it should be with the orange business. Put your price good and high, so that if there comes a time when you have got a big crop and you can't sell all of it, you can afford to let it go just the same way as this man does with his hotel rooms. He doesn't have to fill every room every night. But when the farmers sell their grain, for instance, at a price so that they have got to sell every bushel of it, or it is a loss to them, and we have got to sell every quart of milk we have got, or it is a loss because our price is so low, that is not the right way to do it. We must do what these city people do. We must put the price up right, then if our hotel is not crowded, we will still make money. If we are selling oranges, and we have more than the market will take, we will still get along.

That is the secret of cooperation, and that is all there is to that learned doctor's theory. It begs the question. The big point is this organization will fix the price so that, come what will, we will still get along.

That is what the labor union does. It puts a price of 65 cents an hour for a carpenter. He doesn't expect to work all the while, he knows he can't, but he says, "I must have the price up there so that when hard times come and I have no work, I will still have something to fall back on."

We farmers must fix the price of milk. This man here would say, "You can fix the price of milk, but after a while all the farmers will be making milk and you will swim in milk."

I don't talk that way. I say we will fix the price right up here, right at $1.50 a hundred pounds, so that when the time comes that we have too much milk, we can feed it to the pigs.

A DELEGATE: I think Mr. Jack did not give the right price per quart. What was the increased price that you got per quart?

MR. JACK: Three and one-eighth cents.

THE CHAIRMAN: With your permission the chair wants to say a few words. I have been reminded, while at this conference, of a little story that I read in an English paper last summer, or at least a part of the speech that an English lord made in one of the provinces where they were electing a new member of parliament, and the great question at that time seemed to be the question of home rule for Ireland. This lord, who was running, had opposed it. It seems the evening preceding another gentleman had talked in favor of home rule and had used as an illustration how the different states in the American union had practically home rule. The lord, in answering this, said:

"But you must remember the American people are of a certain class, with all practically the same characteristics." (He didn't know them very well, evidently.) "But Great Britain is made up of four different countries, with four different classes of people. There is the Englishman; he loves his Bible and his beer. There is the Scotchman; he keeps the Sabbath and everything else he can lay his hands on. There is the Welshman; he prays on his knees on Sunday, and on everybody else during the week. And there is the Irishman that we are talking about giving home rule to; he don't know what he wants, but he keeps right on after it."

Now, when he gets to the American we find that he usually knows what he wants and he keeps right on after it just the same. But in our conference, if the English lord had been here, he might have seen the different characteristics, because we have had many diverse opinions.

This evening we have gotten down to the farmer's side of the story. I noticed in one of the afternoon papers it intimated that we had had just a little difference of opinion in the meeting today and that a gentleman from Arkansas, and one from Wisconsin had differed, and that the man from Wisconsin had said that the farmers could do business, could take care of themselves. I think my friend Tubbs showed the truth of that, and as I am the gentleman from Wisconsin that the evening paper mentioned, I wish to say just a word along that line, going a little further than my friend Tubbs had time to go.

We listened here to a representative of the farmers' union of Texas, and he told us how the farmers could do business. Then we listened to a representative of the National grange, and he told us some of the things that the Grange had done. We listened to a representative of the American Society of equity, and he told us some of the things that they had done. I have been in touch with all these. I have seen their work up in the state of Wisconsin.

I don't wish to boast because I come from Wisconsin; but I presume most of you have heard of Wisconsin, and why it is that wherever we go Wisconsin is recognized as a progressive state along these very lines—progressive in her work through her cooperative organizations, progressive in her legislation. I am not going to talk politics, I am not even going to tell you that Bob LaFollette came from Wisconsin.

But why do we find Wisconsin holding this position? Not because Wisconsin farmers are brighter than your farmers in Texas, or anywhere else. Wisconsin farmers, I will say many of them come from foreign lands, and they have the characteristics of these educated Britishers and all the rest of them. Like all the rest of the American people, they are trying to get down to the principles taught in the Britisher's Bible, trying to be as thrifty as the Scotchman; as shrewd as the Welshman and as energetic as the Irishman. But then, they are so everywhere. We have boys from Denmark and Norway and Sweden and Germany—all of Europe, in fact—and it is a pretty hard matter to work all those nationalities in together on these educational propositions, because their national traits will come in.

I can remember as a young man when we heard a great deal of talk about the grange legislation because they elected the governor and a large number of the members of the legislature. If the farmers had only stayed waked up, we farmers would have been further ahead today than we are.

The first railroad laws in this country that made the people sit up and take notice were outgrowths of that grange legislation, and that was followed by the Farmers' alliance and the Society of equity.

What have we done along cooperative lines? Some 40 years ago, following that grange legislation, some farmers in the legislature, conceived the idea that a great deal of money might be saved to the farmers of Wisconsin by some sort of farmers' mutual fire insurance companies. A law was passed that made it possible for them to organize. They did so, and I can say that practically all of the farm property in Wisconsin is insured in that class of companies, towns, townships and counties; yes, as large as counties.

We followed that up with tornado insurance companies of the same class. Then in came the cooperative creameries. Now, the speculators came in just as soon as they saw the cooperative idea was any good in Wisconsin. They came from Chicago and other places, all through the country, and built what they called "cooperative creameries," but they were not cooperative. They build creameries at two prices, because they had to pay those exploiters.

Trouble began, and I have seen those creameries go, though in some cases the farmers got together and took them off the hands of the business men on a cooperative basis and are now running them. I have one in mind that five years ago was practically shut up, bankrupt. At one of our institutes the question was discussed, and the farmers bewailed its failure.

Well, the farmers were partly to blame, maybe, because other men came in and offered them a little better price than the creamery men, and that made the trouble. But those farmers reorganized, took the creamery on a purely cooperative basis and it has been going up every year until this last year that creamery did a business of $259,000, and I doubt if there is any other cooperative creamery anywhere in the United States that has done as well. Who will say those farmers did not have business ability when they took that bankrupt creamery, and inside of five or six years built up that business? That was the Baldwin creamery in the St. Croix country. The creamery at West Salem runs up to $136,000; and we have many creameries that under cooperation have made great successes.

Last summer, while I was in England, I went out into one of these cooperative colonies, where they were producing garden truck, hot house plants, etc. By working together, owning their land in common, part of it at least, they were making a great success of it. I said to the manager, "How do you get rid of your produce?" He answered, "We have stores in Birmingham to which we ship these vegetables and truck. They really belong to the consumers at the other end; so they are linked up with us."

Can we do that in the United States? We are very independent, we have been told; but with a little education our farmers are working together. In Wisconsin we have got hundreds of these cooperative agencies at work, and it has done the state good. It has helped to make independent voters in Wisconsin until the two old parties are practically split in two. These farmers are educated, not only to work, but to think for themselves.

I happen to belong, when I am at home on the farm, to a little cooperative creamery. We bought out a proprietary creamery, and we have tried to work along the sale end. We made an arrangement with a man in Milwaukee who owns seven distributing stores. He takes all of our butter at two cents a pound beyond what we get for it net, as sold through commission houses, so that we have cut out the commission man, and we get the extra cent a pound by giving him a good article and giving it to him steadily. We are selling butter milk at 40 cents a hundred, another item which he sells out of his stores. But I believe the day will soon be here when those stores, or stores of that kind, will be owned by the consumers themselves, and the profits that go into that man's pocket will go into the consumer's pocket. We are coming to it here in the United States, we are coming together, and we have got to come together from both ends.

You say, "That will cut out the middle man." If there are too many of them, cut them out. We have plenty of room on our farms in Wisconsin and plenty of work for the middle men that are cut out. We have plenty of acres of good land up there and a man can make a good living on 20 or 40 acres in Wisconsin. There is a class of middle men that won't have to go on the farms, because they have made enough already and it will be a good thing for the public when they get through being farmed by that class.

Dr. Connell (Oklahoma): Will it be in order to say anything with reference to successful farm credits?

The Chairman: I think so.

Dr. Connell: I am just as much interested as any one here in successful marketing, because 365 days in the year our college is engaged in cooperative marketing with 3000 farmers of Oklahoma, in the production of butter, its shipment and sale into all parts of the United States. The average saving to these farmers as a matter of consolidation of their shipments and the methods of handling, amounts to more than $70 per car on each carload of butter shipped. But we have heard a great deal about cooperative marketing today and not one-tenth has been said that might have been said, and all truthfully.

But I would invite your attention to something that is now being done in our little new state of Oklahoma, with reference to farm credits, which is very close to an ideal arrangement.

In 1907, the state of Oklahoma found $5,000,000 in cash to its credit and available as an investment for the school children of the state. Our legislators, bearing in mind the fact that national banks could not lend money on farms and that the great life insurance companies of the country do not recognize the farm as a safe loan, placed this $5,000,000 at the disposal of the farmers of Oklahoma, and lent it to them, payable in 40 years at five per cent interest. And throughout that entire state this money went into improvements at the willing discretion of the farmer and resulted in an equipment that was absolutely impossible and beyond the reach of those people who had settled upon those fertile lands, had not this financial assistance come to them in this manner. That money is being repaid from day to day into the treasury and being loaned again upon this land and upon that, and so becomes a revolving fund for the improvement of farm life in that state.

If you will consider the plans of the foreign governments in connection with this matter in which credit is extended to the reliable farmer, you will see that there is a very close relationship existing between the practice that we have established and theirs; and so long as states and municipalities can borrow money in the form of bonds for this utility it will be but a short step to a public credit association for the benefit of farmers in our states when that matter has been reduced to its ultimate unit.

This is not creating wealth by fiat, mind you, any more than we are doing the same thing in thousands of cases in our cities for street paving and for other purposes. With the interest now being felt throughout our country in the success of the average farmer, if that interest is to be realized on, I would insist that we take this matter of farm credits seriously, and interlock it very closely with this question of marketing farm products, because we cannot market our farm products successfully at this time in many parts of this country without bringing in and employing capital for building elevators and storage plants and curing plants of one kind or another.

But the entire matter is just beginning to open to us, my friends, and we are rapidly getting away from the idea of the man and the woman riding in from the farm on a load of wheat —the woman with her face tied up in a brown veil—and asking the elevator man what the load of wheat is worth. We are rapidly getting away from that picture in this country.

If we will begin to think in these practical units of constructive credit, it will teach the farmer business methods, and inspire in him a hope and a determination to do for himself and his family as well as the wage earner in the city does for himself. There is good authority for the statement that he who neglects his own family is worse than an infidel.

MR. GAGE (of Illinois): I want to ask the gentleman a question. This word ''farm credit'' seems to have taken hold in America. This cooperative credit, if it is anything, what is it, where did it start, where does it exist? Is it possible to be universal? Now, I would like to hear why it is that the farmer is singled out as the only person who is entitled to this personal credit, as it is called. It is not mortgage credit. Here is an assemblage of people today who believe in it. You desire $1000 to carry on your business, and you get it in this cooperative association. That is cooperative credit, that is the line I am working on and the line I want to see worked out in America. I don't care a continental about your middle man. I am interested in the producer and in the consumer.

My question is, why is it they do not use the word ''cooperative'' credit, instead of ''farm'' credit?

MR. CONNELL: I am not responsible for coining the word.

MR. INGLING (New Jersey): The Monmouth County Farmers' exchange of New Jersey was organized in 1908. It has existed five years and done business along cooperative lines, and I will read you its report for 1912. It is short.

They did a business of $941,765.51. They handled 414,202 barrels of potatoes, and 44,202 packages of other fruits, vegetables, apples, pears, asparagus, berries, tomatoes, etc. They purchased for the farmers to plant seed potatoes to the amount of 28,517 barrels.

They sold to the farmers, mixing it themselves, in their own factories, 49,190 bags of fertilizer.

They delivered to the farmers 33,885 fruit hampers and 9520 barrels. They handled a total number of packages 577,716, making a grand total of 2891 carloads of stuff.

During the five years they have been in existence, they have handled 10,910 carloads of stuff; of potatoes, 4,603,962 bushels; of apples and pears, 153,890 bushels; of asparagus, 1,010,822 bunches; miscellaneous fruits and vegetables, 41,480 packages. Sales of seed potatoes, 282,750 bushels; sales of fertilizers to farmers, 11,145 tons, and the total amount of business for the five years has been $4,320,748.09.

They have paid the farmer for his potatoes an average price for five years of 61 cents per bushel, or $1.68 per barrel, and that price has never been reached in the history of potato growing in our section for such a length of time.

Our financial statement is this: In 1908, when we began business on July 1, we had $7000 and 300 members.

At the close of business, November 30, 1912, our capital stock was $75,195, our surplus was $18,926.51. Undivided profits, $7,612.75; making a total, including capital stock, of $101,734.26.

We operate 30 loading stations. We are a stock company. We have 1250 members, and we do not sell but one share of stock to anybody today; we did during the early period of our existence, because we needed the money for manufacturing fertilizers to furnish to our members.

The profits are divided in this way: In addition to our selling the farmer's potatoes, we have the fertilizer business. That needs about $100,000, because we have to pay for the fertilizer and mix it and then put it out, and there is a period of time that we need the money, and until we get the amount of money necessary to carry that fertilizer business we will have the surplus from the profits, but our idea is to pay back just as soon as we reach that point where there is enough capital to run the fertilizer business, to pay back all the profits to the farmer except a reasonable dividend on that stock; that is, we will have two dividends—we will have a dividend on the stock, probably six per cent; and then we intend to pay back to the people who bring the products the balance of the profits in proportion to the amount of their produce.

So this is one of the cooperative organizations that has done something, we think, in New Jersey.

MR. MYERS: Is that method of dividing the profits provided in the bylaws or articles of incorporation?

MR. INGLING: No, that is action by the directors. It is not in the constitution or bylaws.

THE CHAIRMAN: You don't have any state law that holds you down in your dividends to a certain percentage as we do in Wisconsin?

MR. INGLING: No.

MR. MYERS: You do not call it cooperative?

MR. INGLING: We call it the Monmouth County Farmers' exchange, but it is cooperative in its nature.

MR. MYERS: It looks like a pure stock company.

MR. INGLING: I would advise that if you want to be a successful organization you make it a stock concern.

MR. UMHOLZ (Oklahoma): I would like to ask a question of our milk man. He mentioned the fact that they were getting about three cents a quart for their milk. I am just now, for the time being, a consumer, and I pay eight cents. Why is it that I must pay that much more than you get for it?

A DELEGATE: The big distributors need the money.

MR. JACK: That brings up a great question. Of course there is a great deal of waste in distribution, there is no doubt about that. If you lived here, you notice—you take a block out here some place where there are 100 people living, or 200, and you will see there are five, six, seven, eight or nine milk men going to that block. Five or six people deliver milk in one tenement house, sometimes, and that is an enormous waste. Borden may drive a mile or more before he delivers a single pint of milk and there is enormous waste there.

Then there is another thing: Remember the ordinances of the city of Chicago demand a pretty high grade of milk and a great deal of milk has to be pasteurized, and that is rather an expensive operation. We producers do not think it is up to us to raise the question of how much these men are making. That is for them to settle. We know how much we can produce milk for, and we simply say, "We will not sell the milk unless you give us a living price." It is up to you—the distributor and the consumer—to say what you will do between yourselves.

MR. SWIFT: The milk association in New York succeeded in getting a committee appointed by the New York legislature to look into the question of profits on the part of milk producers of New York. That committee found that one of the companies doing business here in the city of Chicago was capitalized for $21,000,000. It found that its actual investment in all this property was about $4,750,000. It found that in the nine months previous to that investigation that it had made $1,200,000. Perhaps that answers the question of the gentleman.

DR. MCCARTHY (Wisconsin): I happen to have in my pocket something that may be of interest to the gentlemen here. I picked up in London this guaranty, which was made by the Danish government for the butter sent out from Denmark:

> "The butter contained in this package is made solely from pasteurized cream, and is therefore freed from all deleterious bacteria. It is skimmed centrifugally and artificially ripened by means of a pure culture. It contains no margarine or other foreign fat. The preservative used (other than common salt in the proportion stated in the invoice) is one half per cent of a preparation of pure borax. The percentage of water contained in this butter is guaranteed not to exceed 16."

Now, there are a million dollars' worth of butter sold by Denmark to England each week through a cooperative organization and every package has this guaranty on it. I want to tell you farmers here that you are going to make money not only in the ways that you have already had experience in, but you are going to make money when you have a standard brand to maintain.

The Irish, for a long while, sending butter to England, would send it one day of one quality and the next day of another quality. The Danish people came in at about three cents a pound more than the Irish and they drove the Irish butter out of the market until it had to come up to their standard.

I tell you the inspection and the brands make an awful lot of difference in the money that you make and that is one of the great aids which come from cooperation to the consumer and the producer. It is also a great aid to the agricultural college. Here is the agricultural college striving to keep up agriculture and to raise agricultural standards, and that is one of the greatest aids that comes to the farmers themselves, the standardization of products all along the line.

In Denmark they buy their fertilizers according to standard. They buy over $17,000,000 worth a year and they standardize it all.

If you are going to make money your prosperity is going to come through the high grade of product which you sell.

I heard a man talking this morning about farmers' enterprise. A little country like Denmark, only about as big as 20 counties in Wisconsin, sells $35,000,000 worth of bacon, that vast amount of butter, $15,000,000 worth of eggs, and sells it collectively. Take the egg industry and see what they do. You can trace every Danish egg. You can trace it back to the hen. There is a number on it. It has a standard, a guarantee of the quality of the kind of goods they maintain.

You see, gentlemen, this is going to amount to an awful lot; there is going to be a lot we have all got to learn about any of these things. To do that, you have got to educate a whole lot of organizers. You must remember there are a whole lot of wholesale men doing business in this country, and you are not going to take the place of those men unless you have the right kind of men to take their place. They spend hundreds of thousands of dollars in those countries we have talked about for salesmen. I bought a tin of butter from one of them in Japan. The men who handle that business, those salesmen, are experts in their particular line. They have to be educated up to it.

You men talk about your organizations. What organizations have you here, any of you, that have connected with them men who are experts in their particular lines? Men that you can call in, who absolutely know how to pack those goods, how those goods are to be sold in the market and to what trade they go?

Why, no organization in the old country would get up and make such an argument as some of you have made here today. They would get up and tell you—just the same as the man from New Jersey has told you, what business they are doing—and give you the figures.

You are not going to compete with big organizations unless you have your bookkeeping all straight, and you know what you are producing, how it is produced and what it is really worth, and you are organized to keep standards up.

I should think that some of you men who had 15 minutes to talk here would do well to get a lesson and a good lesson from this man from New Jersey.

SOLVING THE MARKETING PROBLEM.

L. C. Hill,

Horticultural Agent, Gulf, Colorado & Santa Fe Railroad, Houston, Texas.

A careful investigation into the marketing question develops the fact that food products are going into the hands of the consumer at a cost entirely too high and that on most products there is a wide difference between what the producer gets and what the consumer pays. This difference is supposed to cover transportation, the middle man's expense and the middle man's profit.

The transportation charges are under the control of the government and are regulated by the interstate commerce commission so that if a rate should be fiixed at too high a figure, the shipper has his remedy.

There is, however, no such remedy at the disposal of the producer or the consumer if it should be found that the dealer in food products is asking an excessive profit. Right here there appears good ground for criticising our present methods of marketing, and while no one in particular seems to be to blame, yet the system is such as to point to needed revision, and it seems to me that radical changes could be worked so that no injury would be worked to any one. I have no desire to suggest changes that would hurt business, but changes that would tend to give the producer living prices for his crops and the consumer his good products at prices he can afford to pay, while at the same time give the middle man his reasonable profit. The middle man is an imperative necessity, and without him no system can be devised for the distribution of food products that will meet the needs of either the producer or the consumer. (I refer to the selling agent as middleman.)

FORCING UP PRICES OF COMMODITIES.

A thorough investigation of the retail end of the business, particularly in the larger cities, discloses the fact that on certain products, especially vegetables and fruits, the consumer is asked to pay profits, (that is, advances over cost prices), of from 50 to 200 per cent at times. On the other hand, certain other products, like flour, salt, etc., may be sold at cost or nearly so. I make this statement without wishing to appear as blaming the retail dealer in fruits, vegetables and other food products, because, in the main, I think that he is up against a set of bad circumstances as an individual, over which he has absolutely no control.

The consumer has led the retail dealer along and has kept exacting additional duties, necessitating additional cost of doing business and for which somebody must pay,—it either has to come out of the producer's pocket or the consumer must stand it. If one retail dealer refuses to render the service the consumer asks, he does so under risk of losing a good customer to another and more accommodating dealer, and thus, under this influence, city retail merchants are forced to make special deliveries of little orders aggregating 5 or 10 cents worth of stuff covering distances of from half a mile to five miles, taking up the time of a driver and a fully equipped delivery outfit. At times he extends credit to dead beats where he feels that he can charge a good, stiff price and take a chance rather than run a risk of losing the customer to a competitor. Many other little petty things are tolerated that go to add to the cost of doing business, and each dealer feels that he must do it because everybody else is doing it and he must keep in the game, put up with the expensive system and add the cost to the charge to the consumer.

RETAIL DEALERS ARE POWERLESS TO CORRECT EVILS.

Retail dealers are powerless to remedy these difficulties, because, if they get together and try to effect reforms and eliminate these expensive evils, they at once become breakers of the anti-trust laws and they subject themselves to possible heavy fines and imprisonment. Thus they have to go it alone and do the best they can under conditions as they find them.

It may be that this condition is the outgrowth of the modern convenience—the telphone—and the consumer, instead of going to the market as formerly, finds it more convenient to call up the grocer. There is very little shopping done now and the consumer no longer goes to the trouble of finding out about the reasonableness of the charges which are made. Indeed, a certain percentage of good housewives would use the phone even though they might know where they could go and buy the same thing at half the figure. Still we hear a lot about the high cost of living, whereas it may be largely the high cost of laziness.

No one would care or worry about the advances that have occurred in the cost to the consumer of food products were only the rich consumers to be considered, because they will eat, no matter what the cost, but the system of retailing has grown so very expensive that the laboring man and the low salaried clerk can no longer buy the proper food with which to feed his family. As a consequence, millions are existing today on half rations of unwholesome food. This is not only bad for the consumer, but it curtails the market for the producer. No one profits by it and no one individually, is able to offer a remedy, but the condition is striking directly at the vitals of our nation today.

Those who are well posted upon the profits of the wholesale middle man will tell you that in the main the margins of profit on the business handled are small and that the reasonable good income is derived from the large volume handled. On the other hand, the retail dealer is not growing rich, due to the fact that the average amount of business is small and to the unreasonable service that is required by the consumer. Summed up, it is a lamentable condition—nobody to blame; but it is a deplorable state of affairs. Food products are going to waste on the farm—actually rotting for want of a market,—and the consumer, to a large degree, is starving. Meantime the retail dealer is unable to extricate himself, but, on the other hand, he is actually having to put his prices up with each succeeding year to cover some new stunt in the way of expenses required of him by the consumer.

HOW THE ARMY OF MIDDLE MEN IS RECRUITED.

Truly the retail man has my sympathy and I feel that somebody should come to his rescue. As a class the retail man is on the increase. The old established dealers must have clerks and usually when the clerk has become educated to the business, becomes acquainted with the firm's customers and is in position to be of real service to the employer, some wholesale grocer voluntarily proposes to set him up in business, credit him for a full line of stock and carry him along upon the condition that he will buy all of his staple and fancy stuff from this particular wholesale house. Thus a new grocer is added to the list and thus ''two blades are made to grow where one grew or existed before,'' and thus the old established dealer loses his business to his clerk,—at least until there is a failure, which is frequently the result. If a failure is the outcome, the wholesale grocer, who did the backing, must recover by advancing his price, and thus the poor consumer gets another swipe. I do not wish to appear as opposing any one who wishes to go in business for himself. I am merely talking of a condition that is hurting the producer and the consumer. The large cities have from 20 to 30 retail stores handling the business that could be handled by one-half the number and at one-tenth of the overhead expense, volume of business considered.

GOVERNMENT SHOULD REGULATE DISTRIBUTION OF FARM PRODUCTS.

As before stated, the railroads are under the control of the interstate commerce commission, empowered to regulate passenger and freight trains. The supreme court has declared that the government rightfully possesses this authority. This is, I believe upon the theory that the roads are public servants. Upon the same theory, why is the middle man not a public servant and why should not the distribution of our food products be placed under government regulation? The government regulates freight rates. Why should the government not regulate the profits of the middle man? Why should not the government not step in and help the middle men by eliminating some of the evil practices now prevailing, like unnecessary delivery costs, unsound credits and the like which evils the retail dealers now has to put up with because it is common practice and which the retailer, under existing conditions, is not permitted to try to regulate under the fear that he will be construed under the law as combining to break the anti-trust laws? Why shouldn't the government help this poor helpless business man when the laws of the government forbid that he shall help himself?

Possibly the regulations of the middle man, the middle man's profits and the middle man's methods, by the government might not be permissible under our present constitution. If so, why not amend it? The national government could not of course do the regulating, because the retail business is not in the main interstate business; but the national government could empower the different states with the right, if the states have not already the right, and it could be done by constitutional amendment or otherwise.

The regulation should guarantee to the retail dealer a reasonable profit on everything he sells, should protect him against the unreasonable demands of the consumer. It should be imperative that he blacklist the deadbeat who has stuck one of his competitors, providing credit is extended. But it would be better if the whole system were placed on a cash basis. Then it would not be necessary for the retail man to put up his prices to those who pay their debts in order to recover from the losses now sustained from trusting those who do not make it a practice of paying at all.

STATE LAWS TO PROTECT CONSUMERS.

The different states could handle this given power. Heavy penalties could be provided for those dealers who break the laws. Thus the dealer who now wishes to do his business on a fair margin of profit could exercise his desire to his heart's content. What a wholesome effect it would have on the trade if a dealer who charged 100 per cent or 200 per cent profit now would run the chance of having his license to do business taken away from him and also run the risk of a fine and imprisonment? Why not? What a help such a regulation would be to the legitimate dealer who wants to do an honest business at only a living profit.

Under proper regulations the retail dealer could make much more money than he does now and he could reduce his price to the consumer from 25 to 200 per cent. There is no justice in the retailer selling flour at cost, and it is wrong for him to have to do so in order to meet competition, since it is a foregone conclusion that he must add the profit that he should have obtained for flour to his selling price on other products, such as fruits and vegetables. If, under existing conditions he is not allowed to ask a profit on everything he sells, why not fix it by law so that he can. In that way every tub will have to stand on its own bottom.

These things could be regulated locally in each city and each state under proper laws. Yes, but you say they will break the law. The rebating evil, which was formerly indulged in by railroads and which benefited some shippers to the detriment of others, is now prevented by the interstate commerce commission, which forces every road to toe the line. I believe you will agree with me that they are sticking very close to that line, too. Laws for the regulation of the middle man's methods and profits, which will specify that he charge for delivery service and extension of credit to those who demand these things, and simply charge a legitimate profit from the customer who pays cash and carries his own goods home, will bring the same result that the rebate law has in connection with the railroad business, and will prevent the practice of forcing one class to pay for services it does not receive in order to cover the extra services which another class demands and which are all covered in a general percentage of profit.

MIDDLE MEN ARE NECESSARY.

We hear a lot about the elimination of the middle man. Possibly some of his limbs might be cut off, but in my judgment he is an absolute necessity to the country and cannot be dispensed with. As far as the wholesaler is concerned, he is working on a small margin, and most of the time aids the producer in getting more for his crop than actual conditions warrant. In the Northern states last fall, growers received from 30 to 35 cents per bushel for potatoes. The middle man stored them in warehouses, moving them during the winter, added the cost of storing, labor, shrinkage, sacking, loading and freight to consuming market.

Potatoes that are selling in a wholesale way in Chicago today at 47 cents per bushel actually cost the middle man over 50 cents per bushel, and he is losing money on every car he sells. The same is true of onions, for the middle man bought them from the grower last fall at 30 to 40 cents per bushel and today is having hard trouble to sell them at 25 cents per bushel, after standing the cost of keeping, shrinkage, etc. Cabbage was bought from the farmers last fall at $4 and $5 per ton and the middle man has been selling these purchases all season at an average price of $5 per ton, after adding the carrying charges.

Perhaps in other years he has accumulated profits in proportion to his losses this season, but taking a period of years you will find that the wholesaler is making a very small margin for his services; and his services are indispensable to the distribution of farm products to the best advantage. Contrast these facts with what happened in the Northwest to apple growers this season. Last fall middlemen offered the growers associations from $1.50 to $1.90 f. o. b. per box for their leading varieties of apples; but the growers would not sell. They stored and held the apples themselves, and as a result are bearing a loss of more than a dollar a box below the prices offered them last fall in many instances. If they had sold to the middle man they would have been that much ahead, and the middle man would have stood the brunt of it. Under which plan of distribution is the producer faring best?

MR. LONG (Wisconsin): The brother from Oklahoma told us about the farmers down there getting money for five per cent. That is all right, that money went to the people of the state—the school children, and that is better still.

But now the government is furnishing money to the national bankers, and it doesn't get any five per cent. It doesn't get a single cent of interest. If it is good policy and good business, a good business proposition to furnish money to the national bankers without any interest at all, then why don't you men ask for money without any interest? Why are you eternally talking about a certain rate of interest?

Isn't it a fact that the national bankers get money, that money, without interest? Read the national bank law and see for yourself. Not a cent, and the national bankers, a few years ago, got that money without any interest to the tune of $721,623,000.14. That went to 7392 banks, without a single cent of interest.

In addition to that, the Aldrich law provides for 500 million more for the national banks to organize another center whereby they can get money from the government, not on national bonds, but on city, railroad and township bonds. When you farmers want to vote a tax for raising money to build a school house in your district or town or village and want to sell bonds, the men who buy the bonds that you pay four or five per cent to, may by law go to the government and there deposit those bonds, and they will get back full face value in brand new money without a single cent of interest. Now, how can you compete with that class of money loaning? As long as you pay four or five per cent, then you are that far to the disadvantage in competing with those men going into the market. If the government is going to furnish these men with money, not only this $721,000,000 and the 500 million besides, but with the credit that they have, I ask you then how can you compete?

One thing more. I taught school 20 years in the country. I said a while ago that you must educate organizers.

We have the public school system, the university and the extension bureau, but they have not yet reached the point that they must educate these organizers. Why is it that so many of you have not joined the American Society of equity or the Farmers' union in a better education so that we could reach those you men have talking about here in the convention, and that we have been preaching about for the last 20 years?

We want to get down to business and where we can compete with these other fellows.

Mr. L. C. Houghton (Sheffield, Ill.): I just wanted to say a few words to encourage these people in cooperation. I am only a year old myself—in cooperation, although I took some stock in an elevator that was started by an organization of farmers about five years ago, and it was a grand, good thing.

A year ago we organized in my home town. I have a house in town and we live there during the winter, so we can send the children to school, and I keep a man on the farm to do the chores during the winter. We had the greatest time organizing down there of anything I ever undertook in my life. I was called into the bank one morning and they said that they understood that I was taking an active part in organizing a farmers' grain elevator, and I told them I was. They said:

"You lie down, keep still, or you will be a very sorry man."

I looked at the gentleman who said it for a minute and said:

"Well, I guess I'll be sorry, because I promised the farmers I would help them and I am a farmer myself and I have made up my mind that I am elected to help along the farmers' interests."

I assure you they have made it mighty disagreeable for me. I am willing to acknowledge it was the worst job I ever tackled, but we are still playing ball down there. We got our elevator built and filled with grain, but we did have much trouble about the spur from the railroad company. We had the ground and I worked at the vice-president of the railroad six months, and we hadn't got any spur yet. They finally said, "Houghton, you will have to get the spur," and about six weeks ago I got the spur in. It has been that kind of a battle all the way through, but it proves that we can get results if we stick to it. If you are determined you can organize and have things as you want them.

I believe we can organize farmers' banks and handle our own money. I don't see any sense in turning our money over to the banks at two and one-half per cent interest, and having to go to the same bank to borrow our own money at six per cent interest. I believe the consumer and the producer have got to work together in order to regulate things. I don't believe that a rich man in a little village town cares that much whether the farmer pays $150 for a binder or $200 for a binder. The farmer has to pay him whatever he asks anyway. I believe it is up to the farmer and the consumer to get together, because they are the people that are really, vitally interested. They are the only ones that will ever get the prices reduced of any of these big things that are in the hands of the big companies. I don't see any other way of getting what we want and ought to have.

MR. TOUSLEY: Since Dr. McCarthy spoke and laid so much stress upon the facts, I thought I would give you one or two figures.

As you all know, I represent the Right Relationship league, whose sole business is to organize cooperating stores.

Possibly some of you don't know that we have 150 of them, operating on that plan in Minnesota and Wisconsin, doing a business of between three and one-half and four million dollars a year, and just before I left for this conference, I picked up the annual report and added up the figures showing the business done by 31 of them, picked up at random, and it amounted to $1,560,000.

I find that the average gross profit at which the goods were sold was 16.18 per cent; that is to say, that the goods were bought at wholesale and the freight added, they were put upon the shelves of the stores and the average gross profit added, only 16.18 per cent.

The average merchant will tell you that the profit is so small that there is nothing in it, and therefore cooperation cannot succeed.

I find that the average expense of doing business in the 31 stores was 10.55 per cent, which left a net profit of 5.63 per cent. Now, that is quite a close margin, isn't it? We cannot get at what the gross profit is of the average merchant, because they won't tell us. That is none of our business, but we imagine that it may be anywhere from 20 per cent up, you can let your imagination go as high as you want to. But with very little over 16 per cent gross profit and 5.16 net profit, the profits upon this business amounted to $78,900, or an average of nearly $2400 per store.

I want to call your attention to one or two points in relation to that $79,000. I have written an editorial on that and called it ''The Romance of the Figures,'' and it is this: In the first place, the people who compose these cooperative stores are, 95 per cent of them, farmers, and they have $79,000 more to spend, in this year of our Lord 1913, than they would have had had they not been owning and operating their own stores. That is the first benefit—that is personal and economic.

The second benefit is the fact that they are increasing the production of city factories to the extent of $79,000, which they could not have done had they not owned their own cooperative stores. That is where the city people benefit from country cooperation. That is a social benefit.

The third benefit is that fact that this $79,000 did not get into the usual channel which ends in the war spirit. It was redistributed among the people, and so $79,000 at least, in the 31 communities in Minnesota and Wisconsin, has been redistributed amongst the people to make country life more pleasant and profitable and keep more of the children on the farm, and it has been prevented from adding to the centralization of wealth that is injuring the life of this nation. That is political and national.

And so, in our cooperative movement, we have the entire system—the national, the economic, the social, the political and the religious, if you please, benefited, which means more life.

MR. STULL (Omaha, Nebr.): My only suggestion is that we have heard a great deal of talk of farmer's credit. It seems to me that the question that ought to engage our minds is, why is it that credit is necessary? We have been taking the soil off of this great corn belt down here for half what it would take to replace it, and our farmers are borrowing money to live upon. The people of this country have been paying the highest price for food of any country. It seems to me we should put more of our emphasis upon the question why these farmers are obliged to borrow. Many of them are rich and growing richer as Secretary Wilson has said; but if there is a single farming community in the whole corn belt that has not doubled its mortgages in the last 15 years, it is because its credit is exhausted.

MR. J. H. HARPSTER (Ohio): I want to tell a story I heard a while ago, and it runs like this: An old negro and a small negro were sitting on a log fishing. It was a hot summer day and they both got very tired and the little fellow got asleep, and he sat there a while nodding and pretty soon he slipped off the log and fell into the river. The old negro threw off a few of his clothes and dove down and fetched up the little fellow just as the preacher drove by. The preacher said:

''That was a very brave act, Uncle. You saved that boy's life. Is he your son?''

''No, sah.''

''He is some relation of yours?''

''No, sah; but he mout jes as well er been. Dat young fool had all de bait in his pocket.''

What I want to say is, we farmers have got all the bait in our pockets, but we have been such big fools that it has slipped away from us and got into the hands of other people. See this grand city, these grand railroads, street railroads, elevated railroads, everything. From where did they come? They were plowed from the prairies of Illinois and Iowa and the surrounding country and taken from the forests of Michigan and Wisconsin which were fetched down here, and the other fellow got the best end of the bargain and you can see it right here in Chicago.

I would like to quote a few things from a speech of Senator McGruder, in Washington, D. C., when the reciprocity measure was up before the House.

''There are 23 packages of 10-cent Quaker oats in a bushel of oats for which the farmer gets 28 cents and the consumer pays $2.30 for it.''

''There are 23 packages of ten-cent Quaker oats in a bushel of oats for which the farmer gets twenty-eight cents and the consumer pays $2.30 for it.''

Senator McGruder also says that the average meal that the city man consumes represents four cents going back to the farmer, and I suppose of the banquet that we had today probably there would be eight cents that would go back to the farmer.

A Delegate: We got it all today, all right.

Mr. Harpster: Gentlemen, I want to read a little more from this speech of Senator McGruder's. It was simply this, that he compares the price of a senator's one day's expenses in the city of Washington and reduces it in the form of products in the state of Colorado. My time is too brief to give it all to you, but I will give you a few. He says that for riding eight blocks in a cab he gave the cabman four bushels of rye. He was shown up the elevator and he handed the elevator boy as a tip four dozen eggs. As his breakfast he consumed a sheep, and he gave the waiter four bushels of carrots to see that he was well cared for, and when he settled with the hotel, the hotel man was in receipt of half a car of turnips.

On motion, duly seconded, a vote of thanks was tendered to the gentlemen representing various associations who have spoken tonight, and the convention adjourned to meet at 9:30 tomorrow morning.

MORNING SESSION, THURSDAY, APRIL 10, 1913.

W. G. Edens, of Chicago, President of Illinois Highway Improvement Association, was called upon to preside.

FINANCING THE FARMER.

W. G. EDENS,

President, Illinois Highway Improvement Association.

Continual complaints against the high cost of living, heard on every side, naturally prompts one to endeavor to get at the underlying causes of this distressing condition. It will be conceded that the high cost of living is not the result of the prevalence of any one particular custom or condition. but that a number of important elements enter into the consideration and solution of this important problem. I shall not attempt to go into all the various ramifications of the question, but shall endeavor to confine myself to a discussion of those matters which I deem to be the more potential factors in the much-talked-of high cost of living.

It is believed that one of the principal reasons for the increased cost of living lies in the crude agricultural methods and conditions prevailing. It is a well-known fact that the percentage of increase in the rural population of the country is much smaller than that of the urban. Conditions as they exist today are such that country life no longer possesses any attraction for a great many people. As a result, they all flock to the cities and the agricultural interests of the Nation are suffering from indifference and neglect. The logical result is, that while the population of the country increases from year to year the production from the soil does not increase proportionately.

Another factor is the lack of good roads. The farmer often is obliged to haul his produce to market over roads in wretched condition which, of course, necessitates delay and extra expense which would not be incurred if the roads of the country were in a condition consistent with its growth and development. And who pays the increased cost which this lack of good roads entails? Why, the consumer, of course! He has to submit to this simply because the farmer is not afforded adequate facilities for the marketing of his produce to insure a price to the consumer which shall be consistent with reason.

I have spoken of the decreased per capita production from the soil, which I believe to be one of the chief causes of the trouble. The number of acres of land farmed in the United States is not commensurate with the number of acres available. It is highly important that our production be increased. The business of the farmer is just like that of any other calling. If one is to make a success of it, he must go at it in an intelligent way and have the benefit of the most modern and scientific methods and devices. If a farmer is able to produce only a small crop as a result of antiquated methods, it is self-evident that the price to the consumer will be increased as a result of the decreased production. If a farmer loses his stock through disease or his crop through pests and other contributing causes, it naturally follows that the consumer pays more for what he does get. If better agricultural methods were in vogue and the farmer were enabled to farm scientifically, those things which render a large production impossible would be obviated and consequently the cost to the consumer decreased.

The farmer, like everyone else, requires money with which to finance his business operations. If he is to do this conveniently, it is of course necessary, that he be enabled to procure loans during the crop moving season at such rates and on such terms as will not work a hardship upon him. If he is obliged to submit to arduous and burdensome conditions in the procurement of this necessary money, the result to the consuming public is disastrous.

How can some of these underlying causes be remedied? By improving agricultural conditions so that the environment of the farmer will be such as to produce content. This can be accomplished by systematic education along agricultural lines. Much is being said and done on behalf of good roads these days, and various suggestions have been advanced for the procurement of this improvement, some of which ought to prove feasible. The decreased per capita production, of course, is attributable to the decrease in the rural population which, I believe can be increased by adoption of the remedies which I have suggested. I believe that the available acreage for farming purposes can be increased through reclamation and irrigation projects and conservation methods. Improved methods of farming can be accomplished by education along those lines with aid from the state and national government.

The question of providing better methods for financing the farmer is one which has caused considerable discussion. That the intricacies of its various phases are of a perplexing character, is common knowledge. Much thought and effort have been expended in the endeavor to solve this problem. It has been studied by men well versed in matters of finance. Investigations have been made of the conditions in vogue elsewhere with the idea of applying them, so far as applicable, to the United States. I believe that it ought to be possible to evolve some feasible plan from all of this investigation which will be just and equitable to all the interests concerned.

The problem of the American farmer is an all-important one—one which merits the consideration of all intelligent public-spirited citizens, for, on the solution of this problem, the welfare of our Nation depends to a very large extent. In endeavoring to arrive at this solution, it is necessary for one to consider intelligently the various phases of the question from all angles.

I have endeavored to outline briefly some of the more important defects of the present inadequate system, and I believe that in remedying them an important step will have been taken toward the ultimate attainment of relief from the present almost intolerable situation.

THE CHAIRMAN: I never presided over a farmers' association before. I admit I have presided over a so-called session of the Cook county grand jury and we did things to the milk men at that time.

I find that your committee has provided this morning for a consideration of the subject of farm finances.

We had hoped to have with us a very able gentleman connected with the Orange Judd Farmer, Editor Herbert Myrick, president of the Orange Judd publications and author of a book on the subject we are considering. We are sorry to learn that he is not able to be here, but he has sent his substitute, Mr. Charles William Burkett, who will read his paper.

COOPERATIVE FINANCE FOR AMERICAN FARMERS.

HERBERT MYRICK,

President, Orange Judd Weekly Farm Papers.

The greatest of all marvels in economic evolution is organized cooperation. Applied to finance, it multiplies an hundred-fold the power of each dollar of cash, by transfers of credits through the mechanism of exchange. Applied to agriculture, organized cooperation will enable farmers to finance themselves, improve distribution, reform marketing and promote their material, physical, mental and spiritual welfare. Therefore, adequate finance for farming is the basic need today. Hence American farmers now unitedly demand:

1. That whatever reform of currency and banking be enacted by congress, shall provide facilities for financing the farm and small industries relatively equal to the facilities afforded the great manufacturing, commercial and business interests.

2. That such reform shall authorize and encourage the cooperation of savings and thrift, credits and loans, by people of limited means—farmers, workers in other vocations, and producers generally—and the wise use of their combined resources by these producers themselves. Thus may farmers enjoy a more equitable proportion of the wealth they create. Only in this way can the United States become more and more a grand commonwealth, less and less a nation of the few rich and the many poor!

3. That this shall be done not by grants of pap, not by special privilege, but by relative equality of opportunity in banking and exchange for personal mortgage savings and loans, whereby farmers and the common people may cooperate to successfully finance themselves, under either or both federal and state law.

HOW THIS MAY BE DONE FOR PERSONAL CREDITS.

First. Let congress authorize seven or more people in any locality to organize their own little local savings and loan association, or agricultural cooperative national bank. It will be to our rural neighborhoods what the raiffeisen society is to rural life in Europe. Par value of shares, $5, no person to own more than 200 shares. Cooperative, each member, one vote; not capitalistic, one share, one vote. Begin business with as little as $1000 cash paid in capital; when capital reaches $25,000 or more, then the cooperative bank becomes subject to substantially the same legal provisions that apply to commercial national banks, for which that figure is the present minimum.

This little local savings and loan association receives deposits from members and non-members, and may also borrow money from other sources. These funds, together with the money received from the sale of shares, are then loaned out in relatively small amounts to the members for productive purposes only.

The borrower states in his application what he wants the money for, and offers the endorsement of one or two other members as security. The request is considered in strict confidence by a credit committee of three, and granted if the object seems worthy and likely to produce a profit, such as the purchase of seed, fertilizers, improved live stock, etc., but refused if for a nonproductive object, like the payment of an old debt or for some luxury. The loan may be made for from one to six months, with the understanding that the borrower may pay something on account and renew the balance if the use is one that requires more time to turn a profit.

The little bank thus does business that is petty in its nature. The loans may be anywhere from $1 to $100 or more, deposits from 5 cents up—a class of business so small as not to be attractive to the commercial bank. The agricultural bank may even operate with almost no expense, by keeping its account with some existing bank. Its total expenses may not exceed $100 a year, only the treasurer or manager being paid, the directors, supervisors and credit committee donating their services. The supervisors are not only auditors, but have oversight over the management and represent all the shareholders.

Thus the affair is a help-each-other bank. The members meet frequently, get better acquainted, have more confidence in each other and in their little help-for-self-help bank. Old and young (even the children) become enthusiastic about it, take pride in saving their pennies and small change to increase their little deposits, and each member of every family wants to own one or more paid up shares. Such personal interest, this cooperative spirit, this service by each member, this development of the cooperative ideal of seeing how much we can do for the ''coop,'' instead of merely how much we can get from it—all these factors of human feeling, personal enthusiasm, sacrifice and service, confidence and spirituality, are vital to the best economic success. It is christianity applied to petty finance, supplemented by efficiency in managing the business.

These little societies may be affiliated with each other or with existing banks through zone leagues, so that when money is abundant in one section and scarce in another, the situation will automatically adjust itself.

This cooperative bank makes only current loans, so that it may always meet depositors' withdrawals, instead of tying up its current funds in permanent mortgages. But our cooperative bank acts as the local agent for the land bank in its state. Thus the farmer deals with his own local agricultural bank, either as depositor, as a small borrower for current needs, or for a relatively permanent loan on mortgage.

The cooperative finance league proposes to act as headquarters to which any group may apply for advice and instructions for starting or operating one of these little local agricultural cooperative national banks; also to advise about land banks.

LAND BANKS FOR MORTGAGE CREDITS.

Second. Having thus provided for savings and personal credits, now comes my plan for supplying funds for relatively permanent loans secured by mortgage upon farms cultivated by their owners. This plan:

Decentralizes mortgage credit for the benefit of each farmer who needs it.
Centralizes the security, supervision and management of land credit.
Attracts the funds needed to meet borrowers' demands.
Mobilizes all mortgages as a basis for absolutely safe investment bonds.
Pays off the mortgage almost without the borrower feeling it.

(a) The borrower gives his note for a long term of years, and agrees to pay the interest, one-half of one per cent annually for expenses, and to reduce the principal by paying not less than one per cent thereof each year (amortization). These three items constitute the annuity the borrower pays. It is believed that the total annuity thus paid by the borrower need not exceed the average rate of interest alone now paid, yet that the earnings will be sufficient to wipe out the principal of the debt in from 20 to 40 years. For instance, if interest is four and one-half per cent, expenses one-half of one per cent and amortization one per cent, making a total of six per cent annually, then the semi-annual payment of $30 will pay off $1000 in 40 years, including all interest and expense charges meanwhile; and the farmer may reduce his debt more rapidly if he so desires. The note is secured by a mortgage covering the borrower's farm, upon an ample margin of safety.

(b) Upon the security of such mortgages, bonds are issued by the land bank in small or large denominations. These bonds are sold to the public. Thus the land bank obtains the money which it loans to borrowers.

(c) The rate of interest required of borrowers is comparatively low, and the interest yield of these farm-mortgage tax-free bonds is correspondingly low, but the whole matter is so cooperatively and efficiently organized, managed and publicly supervised that expenses are reduced to a minimum, middlemen's profits are eliminated and these securities vie with government bonds in popularity, salability and stability as the safest form of investment.

Let the national law be so amended that one land bank may be conducted thereunder in each state. American and foreign experience proves the wisdom of confining the land bank to the state within which it is domiciled.

Each land bank must have available at all times, in cash or absolutely liquid securities convertible into cash, a land reserve equal to not less than five per cent of the bank's outstanding bonds. This land reserve is the inviolate, permanent capital of the land bank. It is represented by land reserve certificates. These certificates should be free from all taxation of every nature and description, including freedom from death duties or inheritance taxes.

The bonds sold by the land bank, secured by the mortgages it holds upon farms cultivated by their owners, should be free from all taxation except death duties or inheritance taxes.

The land itself is taxed; to again tax its paper representatives—certificates or bonds—would be double taxation. On the other hand, these securities, being thus tax free, are extraordinarily attractive to investors, even though bearing a relatively low rate of interest. In a few years they will become the favorite investment of the American people.

HOW THE LAND BANK OPERATES.

Each little local agricultural cooperative national bank invests 25 per cent of its capital in land reserve certificates of the land bank for its state. Other national banks shall invest therein not less than one per cent and may thus invest not more than five per cent of their capital, surplus and undivided profits. The state itself, also other corporations and individuals, may invest in the land reserve, subject to the trustees' approval.

Each owner of a land reserve certificate has one vote in the land bank, irrespective of the amount of his holdings—one member, one vote. Thus the land bank is strictly cooperative, and no one interest can control or manipulate it. The members elect the trustees, and the latter employ the officers who conduct the business.

After paying interest on its certificates and bonds and accumulating a certain reserve, the excess profits go to the land reserve certificates owned by the agricultural banks that are members. Therefore these little cooperatives ultimately will comprise the major number of the membership.

For each $1000 of gilt-edge mortgages accepted by it, the land bank issues its own bonds to a like amount, bearing such rate of interest and in such denominations and maturities as will make them readily marketable. All banks and brokers may buy and sell these land bonds. The law should provide that bonds issued by national land banks should be a legal investment for postal savings deposits and other trust funds.

The headquarters for the national land bank in each state should be an imposing fireproof structure that may be the headquarters for all the agricultural and home economics interest of the state. The rentals received should enable the land bank to get its own rent free, reducing its expenses and increasing the profits.

STATE LAWS.

State laws may be enacted by each legislature under which may be incorporated and conducted similar little cooperative banks and one or more land banks for each state, just as there are commercial banks under both state and national law.

State laws relating to real estate and land titles may require modification in some states to simplify and cheapen the processes of mortgaging and foreclosure and to insure the impeccable character of the security. Absolute safety to the investor in these land bonds is a prime requisite to low interest rates, and to the smallest expense between borrower and lender.

The borrower's note being for a long term of years, with privilege of reducing principal in excess of the required minimum of 1 per cent annually, he does not require certain restrictions imposed in some states to protect him against the sharks who otherwise might unjustly foreclose upon a short-term mortgage. But the American farmer will never consent to parting outright with the title to his land in order to secure the mortgage thereon, as one suggestion has it. This is not required even in any European country.

CONCLUSION.

I have outlined briefly a method in two parts that fitly supplement each other.

This method readily adapts itself to the varying conditions in country and town.

It is individual self-effort, inspired by community of interest, managed capably and associated in a union for the common welfare.

It accords with the nature, history and characteristics of our people.

It does not injure any existing interest.

It creates wealth in place of want.

It benefits every branch of industry and of commercial banking, save only the few usurers of ill-gotten gains wrung from poverty.

Economically, it is businesslike, practical, thrifty, efficient, profitable.

Socially, it is beneficent, educative, spiritual.

Patriotically, it insures the common welfare, promotes material, physical, mental and spiritual health, and makes for a greater nation through a greater agriculture.

Mr. Long: I want to ask the reader of that paper why it is that we have to pay six per cent in the long run to get this money while the national banker goes through virtually the same process and does not pay any interest?

To start a national bank he buys United States bonds for two and a half or three per cent. Now, that is a business transaction betweeen the individual and the government. Then by depositing his bonds with the government, the government then in turn will issue him the face value of the bonds in brand new money, without any interest at all. The gentleman says in the paper that it does not conflict with other business. I assure you that the national bank does not think that it competes with him at all when this method provides that the little farmer, or the other man that has a little security, will have to pay six per cent in competition with him at no per cent at all. I would like to have that explained; it seems to me that it is absolutely foolish for a convention of this kind to propagate an idea of furnishing money to poor men at six per cent and then let the big men, the financiers of this country, have theirs without any interest at all.

Mr. Burkett: I am going to ask Mr. Woodruff, a banker in Illinois here, who has been conducting a similar mortgage bank to that which has been discussed, to answer that question.

Mr. Woodruff (President First National Bank of Joliet): In connection with Mr. Long's suggestion I would say: He says that the national banker at the present time buys government bonds bearing, as he says, two to three per cent, and puts them up with the government and the government immediately issues circulating currency which the banker afterwards loans. Let us discuss that first.

It is true that under our national bank law every national banker has a right to take out a certain amount of what is known as circulating notes. The banker must buy government bonds to a certain percentage of his capital and that law was passed in order to make a market for the government bonds, so he must buy government bonds and may buy up to the total amount of his capital stock, and he puts those up at Washington and he gets circulating notes.

Now, the rest of my story: The banker in the first place buys two per cent bonds; there are very few three per cent bonds up as security for circulation, because, if the banker buys three per cent bonds, he must pay a very large premium to get them. It is absolutely necessary that he buy two per cent bonds, because the large part of our debt is in two per cent obligations. He buys those at a premium. At the present time they are only selling at half a point premium, and when most of our banks bought them, they paid a premium of from three to five or six per cent.

Now, he puts those bonds up which net him two per cent, and he gets back money, but he is compelled under our law to pay a tax to the government on that money or on that circulation. In addition to that, he must pay his share of the expenses of printing the notes and taking care of the bureau of redemptions in Washington, which also reduces the profit; and in addition to that he must carry with the treasurer of the United States five per cent of all the notes in cash, as a redemption fund, on which he gets no interest. When we come to figure it down, the profits to the bank today on the circulating notes, it is seven-eighths of one per cent, and I know, because I have been issuing them ever since I have been big enough to be in business, and I would be very glad to get out of the trouble and bother of signing up those notes as they come in and keeping track of them and having my neighbors feel that I am getting something for nothing. I would be very glad to give up the privilege, and I can assure you other bankers would be very glad to do likewise.

There is a profit of seven-eighths of one per cent paid to the banker, and in addition to that there is always a chance of government bonds going down in value. Of course, if they did that that would wipe out any profit. So you see that as a matter of fact the national banker does not make much money on circulation notes, seven-eighths is the most he makes.

Mr. Long: If it is not a paying proposition, what makes those bonds go above par in the market?

Mr. Woodruff: It is a paying proposition to just seven-eighths of one per cent.

Now, as a matter of fact, the fluctuation of government bonds is exactly the same as the fluctuation of any other bonds. You can not find any bond that won't go up and down somewhat on the exchange; and the price of the United States government bonds bearing two per cent at par and one-half is simply an abnormal market; because, if it did not have this privilege of circulating notes, the bonds would never sell at par. But you must remember that it is absolutely necessary for every national banker to buy the bonds. He must do it under our law, and as a result, there is always a demand for government bonds for that purpose. That is an abnormal demand that keeps them above par.

Another thing. There is a well-defined idea among all banks that we will have some change within a few years in connection with our currency plans. At that time I think there is no doubt but what this privilege will be taken away from our national bankers and he and other bankers feel perfectly sure that the feeling of the country will protect the banks on this investment he has been forced to make and that some provision will be made to take those bonds off his hands at par. We feel sure that the government will not take away the note-issuing privilege without making some provision in that respect, because we would lose a lot of money. We feel perfectly sure that our interests will be taken care of.

Mr. Long: Isn't it a fact that quite a few of those bonds are not bought by the national banks? What per cent of the bonds are not bought by the national banks?

Mr. Woodruff: I could not tell you, but not a very large per cent.

Mr. Long: At any rate there are some that do not get into the hands of the national banks and that is presumably because it is a paying proposition. They wouldn't buy them if they didn't think so.

Mr. Woodruff: I do not think you will find that very many investors invest in government bonds at two per cent when they pay par, because they can take their money to any savings bank and get more. As a matter of fact, a large percentage is held by the national banks. I could not give you the statistics, but I am sure you will find that a vast majority is held by the national banks. Of course, there are some that are held by individuals.

I have sold lots of securities, and occasionally I might sell a government bond to a person, but the man who buys government bonds, is some man who has perhaps some trust funds in his hands, or he has some money that he wants to invest and knows absolutely that it is safe. He doesn't care very much about the income. As a result he will occasionally buy a government bond, but you don't sell a government bond once in a thousand. Now, Mr. Long compares that situation—even granting that the banker makes six per cent, which of course he does not—with the plan suggested by the former speaker. I do not see any comparison. The farmer does not pay six per cent for his money under the plan advanced by the gentleman. The six per cent covers not only the interest, but it covers also the little amount that goes to the amortization fund, and eventually pays that loan. Part of it is interest and part of it is amortization, and that pays off the loan at the end of a certain length of time.

You may say it is not fair for the farmer to get what he calls six per cent money, when, as he says, the national banker gets the money for nothing.

As I said before, the national banker does not get much for nothing, and he will be pretty willing to give that up if he gets a chance to give it up.

I cannot see why that is a good argument, that every farmer should get his money for nothing. If that theory worked at all, every laborer and manufacturer could get their money for nothing and everybody get his money for nothing.

We all know that the farmer pays more than six per cent interest on long-time mortgages. The plan advanced by the gentleman proposes a scheme whereby he would only pay six per cent as annunity, both principal and interest, and he can't get any better deal than that. Our richest people don't get any better deal than that.

I do not believe we can compare the two statements at all.

Mr. Long: The only point that I want to bring out here is that we absolutely ought to have a fair basis. We don't expect to get any money for nothing and every dollar that is issued ought to be issued on a dollar's worth of stuff, or a dollar's worth of labor that produces material. If there is not an additional payment required in his proposition to be applied to his debt, then I misunderstood you. If just simply paying six per cent and nothing else, if that will pay off this debt as an annuity, then I am wholly in accord with it. Of course, we have to have expense in carrying on the business.

I must say that if the national banker is not getting more than you say he is getting, I have not the confidence in his business ability that I have had before. I never knew a national banking institution that did not go into it for the business of making money out of it. It must give him a privilege or a prestige somewhere. If he is only getting seven-eighths of one per cent, then he is surely working some scheme or other to get his money. Isn't that a fact?

Mr. Woodruff: No, sir.

Mr. Long: You are not in the business for that? Now, brother, do you mean to tell us you are only making seven-eighths of one per cent? You aren't in it for that, unless you have millions to loan and you can only get seven-eighths. Let us see what you think of this national banking law game?

MR. WOODRUFF: I will tell you, folks, I am making that statement, that the national banker gets a seven-eighths of one per cent and I do not quote any figure unless I know I am quoting the right figure. I never take chances quoting any statistics, unless I know I am right. But this seven-eighths of one per cent business I know all about; this is not a matter that we have to argue. If any one of you gentlemen would like to find out for sure how much the national banker makes on the circulating currency proposition, suppose you sit down and write to any first class dealer in government bonds.

MR. LONG: We don't dispute that seven-eighths of one per cent, but it certainly gives you prestige, or you make it up in some other way on some other business.

MR. WOODRUFF: Oh, do not think we do not make more than that seven-eighths on all our business.

MR. LONG: Does not the national law give you prestige?

MR. WOODRUFF: I do think it does, but I do not think the circulation gives us prestige. I think this, that the fact that we are incorporated under the government law and examined by experts under government law and everybody knows that we must work on the square or get out of business, does give us some prestige, at least sometimes when a body is away from home. I have walked into a hotel, or some place where I was not known, and pulled out a national bank note with my signature on it and I have written my name on a piece of paper and let the man compare them. In such cases he will cash any old check any time. It does give me that prestige. But so far as actually getting business, why, folks, the banking business isn't any different from the farming business or any other business. It is just a case of being on the square with your customers and working hard. I do not think the fact that the banker had a right to issue these notes would give him any prestige, and I am quite sure I am right when I say that the average banker would be quite willing to give that up.

MR. LONG: What was the incentive for the origin of this law, if it was not a money proposition, the national banking law, when it started?

MR. WOODRUFF: When it started the currency conditions were nothing at all as they are now. In 1864 they did not tax the way they do today, and there was an actual profit in 1864, but we are talking about 1913. In 1864 it was necessary to sell bonds. Some of you gentlemen remember more about that than I do; but I have got to tell you what I have heard and read about it. In 1864, in order to sell bonds, they passed this law, and they gave the bankers the privilege to do this. There isn't any question but what the bankers had to make money out of it in 1864, in order to buy government bonds and get ahead with this circulation of notes. Further than that they bought them very low, and they undoubtedly made money. But as times changed, the law was changed. You will find that the banking law has been revised a number of times since 1864, and you will find that the tax on circulation is entirely different now from what it was in 1864. I will not pretend to say how much could have been made in 1864, because you must remember that the prices of the government bonds must be taken into consideration. Some of the men who bought in 1864 had a great depreciation. Afterwards some of them had a big profit and naturally made money just on that operation.

Mr. Long: This national banking law was revised by the Aldrich bill that provided for $500,000,000 more.

Mr. Woodruff: I do not want to get into a discussion on that until after I have made my regular speech. One point I wanted to bring out, and that was on this six per cent, but you and I agree on that now.

Dr. McCarthy: I am sorry Mr. Myrick is not here, because I wanted to ask him some questions about a bill that he sent down to the legislature. Mr. Woodruff may be interested in this matter, too.

Is it the usual process in foreign countries to have those banks take deposits? It doesn't seem to me it is as it should be, because when you get deposits in a bank you must have some way of paying those deposits, you have got to have some ready money on hand. Mr. Myrick has recommended that plan and I think we ought to know more about it.

The other question is this: In his plan that comes out here and in the discussion, it is shown that the cooperative credit banks are to be bonded in the same way that the landschaften banks are to be bonded.

Now, under the conditions in the American states, that is a pretty big undertaking. There is too much chance of things coming up. We cannot go to work and adopt a big plan like that without a great deal more money, nor without having very careful supervision. Taking up this landschaften system, that provides for an appraisal. Appraisal by whom? What state in this country has any sort of supervising arrangement, such as would be necessary for supervising the landschaften business? We are up to this problem and one of the things I am here to find out is how we are going to take the next step in America. If any of you men know anything about it, we would like to have you tell us.

MR. BURKETT: Mr. Woodruff has the next subject and he will probably answer some of these questions. It is going to take a long time to get these things established; but the aim is to put them under supervision and make these bonds absolutely safe. If they are absolutely safe these bonds will compete with government bonds; and, competing with government bonds, the rate of interest will become still lower, so that instead of six per cent being required, in order to cover the whole thing, it may get down to five or five and a half. I think Mr. Woodruff's paper will fit in right here. I suggest we go on and hear his address and then throw this open for discussion.

THE CHAIRMAN: You know Nathaniel Polk worked things so that our northern counties of Illinois were not put into Wisconsin; and we have realized his wisdom, because that has undoubtedly made a great deal of difference in the position of the state of Illinois in the Union. We farmers of Illinois are proud of our farms in this state and proud of our farmers, and especially proud of the farmers who are in attendance here. We have the Honorable A. P. Grout, president of the Farmers' institute of Illinois, and the consistent, but conservative friend of alfalfa. Over here I see two representatives of the great corn growing industry, gentlemen owning 45,000 acres in the persons of Frank and Eugene Funk, who have done so much for Central Illinois. Of course we could not call the roll of successful farmers in Illinois without mentioning Frank I. Mann, who has done so much for the agriculture of the state. And then there is Mr. Harris, who will be here this afternoon to tell us about farm credits.

This young man's grandfather started a bank in Joliet 45 or 50 years ago. His father was cashier of that bank at the time he was 26, and this young man was president of it at 26. During the six years that he has managed it, with all due respect to his revered father, and his splendid work there, the deposits of this bank have more than doubled, until today they have a surplus of four million dollars right here in the Chicago zone.

For a year past the cablegrams have been feeding us diplomatic dope about the various institutions in Europe and what they are doing. Last October, the American Bankers' association listened to gentlemen who had been over in Europe investigating the subject we have been talking about this morning, and they got so far as to establish the fact that they had been in Europe and that they had been invited to dinner by our ambassadors and other people, but they were hazy about these questions, such as those asked by Mr. Long. But a pale faced boy, who appeared there, was the only one who could make things clear, and I am very pleased to introduce him to you today, a man who has proved himself a master mind in the presentation of this subject, Mr. George Woodruff of Joliet.

EUROPEAN FARM FINANCE.

GEORGE WOODRUFF,

President of the First National Bank of Joliet, Illinois.

Agricultural credit in Europe is divided into two general subdivisions—first, mortgage credit, and second, personal credit.

The institutions belonging to the first subdivision are of two classes, the first of which is best typified by the credit foncier de France, and the second by the landschaften of Germany. The institutions belonging to the second subdivision are of three classes, the first of which is best typified by any of the ordinary credit banks, the second by the raiffeisen and schulze-delitzsch banks, and the third by the credit agricole of France.

There are, of course, in Europe numerous agricultural banks having characteristics somewhat different from those of the above mentioned institutions, but in the main the institutions included in the above outline constitute the real basis of agricultural credit organizations in Europe and all other agricultural banks are very largely patterned after them.

THE CREDIT FONCIER.

The credit foncier de France, in addition to certain activities that are not strictly connected with agriculture, loans money on farm mortgages for long periods of time on an amortization basis. The chief advantage to the farmer is in the fact that he is allowed to pay off his loan by making small semi-annual payments, will never have to renew the mortgage, which will continue to run until the semi-annual payments have cleared the farm of debt, will never be compelled to pay any renewal commissions, will never have to go to the expense of bringing down his proof of title or having it examined every few years, as under our American system, and in addition will be largely relieved of any anxiety lest he fail to meet the mortgage when due and consequently lose the farm. The credit foncier holds these mortgages as collateral for its debenture bonds, which it sells to the public and from the proceeds of which it obtains the funds to advance to the farmers. The credit foncier, while under the supervision of the government, is nevertheless a privately owned joint stock company and pays regular dividends on its capital stock. The rate of interest which is charged to the farmer is not as low as has sometimes been stated in America, where attention has been called to the fact that the credit foncier issues bonds bearing three per cent interest.

CREDIT FONCIER THREE PER CENT RATE.

The credit foncier three per cent rate is due to the fact that the bonds carry with them a lottery feature by which each bondholder has a chance to win a prize consisting of a large sum of money, but the cost of these prizes increases the actual cost of the bonds to the credit foncier from three per cent up to about four per cent and the money is then loaned to the farmer at 3 3-10 per cent. Therefore, the farmer does not get three per cent money, as is oftentimes stated.

LANDSCHAFTEN.

The landschaften banks of Germany loan money to farmers on much the same basis as that employed by the credit foncier of France except that they do not make a practice of paying a farmer cash for his mortgage. They simply exchange their debenture bonds with the farmer for his mortgage and the farmer then sells the bonds himself. The landschaften are under the supervision of the government and are strictly cooperative organizations involving in many instances the unlimited liability of the members, and not being operated for a profit or paying dividends.

LANDSCHAFTEN PER CENT RATE.

Attention has been called in America to the fact that the landschaften sometimes issue bonds bearing a rate of interest as low as 3½ per cent, but in actual practice this landschaften 3½ per cent rate costs the farmer considerably more owing to the fact that the landschaften do not pay the farmer in cash, but merely exchange their debentures for his mortgage and he is then compelled to sell the 3½ per cent debentures below par. The money consequently costs him more than 3½ per cent.

ORDINARY JOINT-STOCK BANKS.

The ordinary form of credit bank is operated on much the same general plan as the ordinary commercial bank in America. It loans to farmers for fairly short terms on the same general conditions as in our country. These banks are privately owned joint-stock institutions and would doubtless be able to do much toward financing the farmer for his needs were it not for the fact that the European banking methods have led to the present existence of but a comparatively small number of ordinary credit banks. These banks are usually large institutions extending over a considerable territory and are not small independent community banks as in the United States.

The rate of interest charged by them follows to a considerable extent the ups and downs of the money market.

RAIFFEISEN AND SCHULZE-DELITZSCH BANKS.

The raiffeisen and schulze-delitzsch banks are small community institutions organized on the cooperative plan and not operated for profits. The raiffeisen banks operate more particularly in the country and are purely cooperative, while the schulze-delitzsch banks operate more particularly in urban communities and are a somewhat modified form of the purely cooperative type. These banks oftentimes have behind them the unlimited liability of all of their members, and they accept deposits allowing interest thereon and loan the money to their members for fairly short periods of time. Each one of the cooperatively owned local banks usually belongs to a cooperatively owned central association which exercises a control over the entire organization, acting as a sort of clearing house and central bank.

COOPERATIVE BANK RATES.

The rates of interest charged by these banks depend largely upon the rates of interest paid on savings deposits in each particular locality, for they must, of course, meet competition in order to get the business. While as a general thing they are not able to obtain funds at a cheaper rate than other institutions, nevertheless they are able to loan these funds at a somewhat better rate than other institutions, owing to the fact that their expenses are very light, their officers usually serving without salary, and due to the further important fact that they are cooperative organizations and are not operated for profits.

CREDIT AGRICOLE.

The credit agricole of France consists of a large number of cooperatively owned local banks which are affiliated with regional banks to which the government advances certain sums of money without interest. The regional banks, which are cooperative in character, lend this free money to the local banks at a low rate and they in turn loan to the farmer. These banks are not operated for the purpose of earning dividends, are in many cases safeguarded by the unlimited liability of their members, and furnish the best European illustration of state aided agricultural credit.

CREDIT AGRICOLE PER CENT RATE.

Attention has been called in America to the credit agricole 3½ per cent interest rate, and it is an actual fact that these banks really loan money to farmers at 3½ per cent, but this is due to a government subsidy and would be looked upon as abnormal from the standpoint of Americans. The government has compelled The Bank of France to furnish it a large sum of money without interest, to be used for the advancement of agriculture, and as outlined in the above brief explanation of the credit agricole, the government loans this money to the branches or regional banks free of interest. These regional banks loan to local banks at three per cent and in some parts of France the local banks loan to the farmer at 3½ per cent. This system is deplored by many leading bankers in France as tending to develop a false idea of the value of credit and is liable to discontinuation some time in the future. Furthermore, some of the individual banks of the credit agricole system occasionally exhaust all of the money that has been allotted to them by the government and in order to continue the extension of credit they are compelled to rediscount farmers' notes with The Bank of France, and as they are loaning to the farmer at 3½ per cent and sometimes rediscounting with the Bank of France at a higher rate, it follows that the more business they do under such conditions the larger amount of money they lose, and this is an unreasonable and unsatisfactory foundation for any system of banking.

This, in condensed form, is the story of farm finance in Europe, and our people here in America cannot do a greater national service than to study carefully and push forward this great question of farm finance, which concerns so directly the financing of the ''back to the soil'' movement, which in its turn is fundamental and concerns vitally the future prosperity of our nation.

MR. STULL: There seems to be a misapprehension in regard to the facts as they exist. Now, this amortization plan is all right when our agriculture is on a basis that it can pay it. The average life of a loan by the state life insurance companies, gentlemen, is 5 to 10 years. The actual life of a loan that will last 20 years has been about three and a half, because they manage to take up possibly one or increase it. How are they going to pay it by the amortization plan?

MR. WOODRUFF: If they want to increase their loan they have the privilege of paying it all off, and then they can apply for another one at another amount.

MR. STULL: There ought to be some profit to the farmer. That is what has been overlooked in all the discussions I have seen in the last five years.

MR. WOODRUFF: In order to make an amortization loan, it is necessary for the mortgage to contain a soil conservation clause, and I don't know of any better influence to compel the farmer properly to conserve his soil and properly to manage his farm than to have such a mortgage on his farm, because the inspector of the company will be around once a year to see that he is doing it.

MR. STULL: My suggestion is that we turn our efforts to removing those unnecessary obstructions in the exchange of commodities between the consumer and the producer.

MR. WOODRUFF: That goes hand in glove with this question of farm finance. I can go you one better. I believe that the whole thing involves more even than that; I believe it involves the four great policies that we in Illinois are working for. First, soil conservation, which means the changing of methods of handling soils, increase in production, intensified farming and proper farm management, a mighty important thing.

Second, vocational education, which means the teaching of the boy from the farm in the little country school, the dignity and the advantages of the farm as a business. Our average farm boy down here in Illinois in the old country red schoolhouse thinks his chief occupation in life is to go up to town and get a job as a clerk. We want to teach him the dignity and the advantage of staying there on the farm.

The next point is the question of good roads, in which our chairman is vitally interested. Good roads mean cheaper transportation facilities for the farmer; but, more important in my mind, they also mean a more pleasant country life. They mean the ability to go back and forth and see each other, to get to school easier, to get out to church once in a while on Sunday and get around and see one's neighbors easily.

And then, on top of that, along comes our marketing or cooperative methods, and I believe this question of cooperation is only just scratched in this country. We are going to hear a lot about it in the next year and a half.

And then on top of that comes this great question of farm finance. It is necessary for the farmer to have proper financial assistance in bringing about all of these other things we are trying to get. That is the gospel as we see it here in Illinois.

Mr. Stull: Remuneration has to do with the dignity of labor. You cannot make poverty attractive. The boy is not lured from the farm; he is driven from the farm by hard conditions. You have got to have attractions on the farm before you can talk to those boys. I suppose the heaviest burden on the farmer is trade unionism. The farmer whose expenses are, 90 per cent of them, in labor in some form, gets discouraged.

Mr. Woodruff: I wish I had time to go at that with you.

The Chairman: Let us confine ourselves to this subject.

Mr. Stull: I think it applies to this subject. We have got to get down to the fundamental facts.

The Chairman: If we are going to discuss the trades union subject, I have been a member of one for 26 years and I would like to take a hand in it myself.

Mr. Stull: This high rate that we are talking about is what the land speculator gets from the farmer. I have loaned to farmers a great deal of money, and it has not cost them six per cent interest. I could have loaned 10 times as much to land speculators. The real farmers have pretty good credit today.

Mr. Woodruff: You are from Oklahoma?

Mr. Stull: No, sir; Nebraska.

Mr. Woodruff: I thought you were from Oklahoma. I don't know the conditions in Nebraska so well.

Dr. McCarthy: We have been talking about the question of farm credits.. Now, I want Mr. Woodruff to tell us what is the next step? Shall we start a raiffeisen bank or a landschaften bank? What shall we do? What is the next step?

Mr. Woodruff: Mr. Chairman and Dr. McCarthy, I have hesitated a whole lot about trying to tell anybody what to do. I have been much interested in this subject of farm finances for four or five years. I have studied it in other countries and I am introducing a bank in Illinois to handle the mortgage end of it. Up to this time I have not advised anybody what to do, because I realize I don't know it all and I have thought perhaps it was a good scheme to talk over the details, trusting a plan will evolve. Therefore I do not feel like laying down the law. I have my ideas, and yet I may change my ideas in the course of the next year. For that reason, up to this time I have not mapped out a complete plan of action; but I am going to tell you confidentially, not in too much detail, a plan that might possibly work. I hesitated to advance this plan, because I realize the fact that there are many men in America who have been in business much longer than I have and are much more able than I am.

But it seems to me that this whole question of short time personal credit could be handled perhaps in the very nicest way by passing some kind of a monetary bill in Washington; and, aside from what that bill may be, whether it may be something modeled along the lines of this man's measure or the other fellow's, I think there is just one thing that is important to you farmers, and that is that that bill carry with it a provision that notes can be rediscounted by our present banks with some central organization, and also that our present banks may be allowed by law to accept bills of exchange.

Let me explain that. Suppose you lived down in Joliet and you were a farmer down there, perfectly good. You walk in to me some morning in the bank and you say, "I would like $1000." Let us suppose I have got an awful grouch that morning—I can easily turn you down. Or even suppose I haven't got a grouch, but I will say to you, "Mr. Smith, I am awfully sorry, but we are completely loaned up." Now, that is a condition that is very frequent in this country. There is nobody in the world I would rather loan $1000 to than a good, honest farmer; but if I have not got the money I cannot lend it.

Now, we propose to ask that there be incorporated in any law that is passed, some provision so that our present banks when they are loaned up can take some of their notes and rediscount them somewhere. Every other nation in the world has some big banking organization where the little local banks can go and rediscount their paper. John Smith comes in with a thousand-dollar note. It is as good as gold, but I haven't got any money to lend him.

Now, if we have some such bill passed, then my bank can take his notes and rediscount it with some central banking association, and that is one thing that will help right away.

The second is by acceptances. In any other country, if John Smith comes in and says, "Mr. Woodruff, I would like $1000," I would say, "I haven't got $1000, but I will be glad to accept your bill of exchange." So he draws a bill of exchange, which comes due in 90 days or four months. I write across that, "Accepted by the First National Bank of Joliet," which is the same as an endorsement, and if John Smith does not pay it when it is due, we will pay it. I send that up to our correspondent bank here, and I say, "I would like to have you accept this bill," and they write across it, "Accepted, First National Bank of Chicago." Then that note is good in the international discount markets of the world as a prime mercantile bill.

Suppose we get those acceptors. There is a little bit of a commission, maybe one-sixteenth or one-eighth of one per cent. That is why the bank in New York or Chicago is glad to accept it, if it bears our acceptance; they make a little something and they take their little liability.

Of course there is a limit. They can do it up to a certain extent and they call upon their correspondents for additional help. This is how the accepted bill works. Suppose I tell John Smith that I am all loaned up; I can't let him have any money. Then John Smith says, "I would like to have you accept this bill." I accept it, and it is accepted here, and we say we would like to sell that bill in Chicago. There will always be a market in Chicago; but suppose there isn't, and suppose they say, "We are all loaned up in Chicago." They send to New York, and suppose the New York bank says, "We can't take that bill." Then we will sell it to agents in New York that carry foreign banks in the market, and they will sell it in London or Berlin or Paris, wherever they can get the best discount rate. Remember, it does not carry interest. It just says, "I promise to pay $1000 at the end of four months." We discount the bill.

Now, suppose that the money market rate in this country is five per cent. That farmer's bill is a better proposition than the manufacturer's bill. At least, it is just as good. Suppose we discount it at five per cent. That means he will get his $1000, less five per cent per annum. But suppose, for any reason, we have to sell it to these agents; they sell in London or Berlin. Our farmer merely has to compete against the German farmer for the money; if he needs it more than the German farmer needs it, he will pay a little higher rate, and the German banks would buy an American bill at six per cent before they will buy a German bill at five.

So you see the farmer can always get money if he is good.

That is what we ought to work for first.

When it comes to these little cooperative banks, I think there should be laws passed in each state that would allow the formation of little cooperative banks along the lines of the raiffeisen bank. We can copy a law that is already on the statute books in this country, and that is what is known as the credit union law of Massachusetts. If you will send to the state bank commissioner of Massachusetts he will send you a copy of that law. Why not pass the law in the different states and let us see how it works? In some states it will be a great success. In other states it won't amount to anything. The reason I have been so strongly advocating the little cooperative bank is due to the fact that I believe we have certain problems that ought to be met at once, and I realize the difficulty in establishing an entirely new system of banks on new lines, cooperative lines.

We have an enormous educational work to do, and it will probably necessitate the organization of what is known in Europe as a national cooperative organization society—a thing we ought to have in America, by the way. It will take a number of years to build up a system of cooperative banks that are going to do any real good to the farmers. Why not pass the laws in the different states and start it, and at the end of 10, 15 or 20 years we will have some great organizations along that line. But for temporary—not temporary, but for present-day needs—I would be more in favor of operating through congress at once and getting some provision along the lines I have suggested incorporated in the national currency bill.

In our country we have 25,000 independent little banks doing business, and in Germany they only had a few hundred. They didn't have little banks in every town like we have, owned by people in that town. Any little bunch of farmers can start a bank today. The credit foncier and the raiffeisen systems have central banks. Why not give our present 25,000 banks the privilege of rediscounting?

When it comes to the mortgage side, I believe we should adopt a system similar to the credit foncier system. Whether it should be a system like the credit foncier or the raiffeisen system, I am not ready to make up my mind. The American Loan and Homestead association is like those systems. This landschaften plan is something like that applied to farms. Maybe we will want to take that system.

Then maybe we will want to have passed in Washington a national mortgage bank law, which will allow in each community a mortgage bank, one or more, to be incorporated, and I am inclined to believe that is going to be the solution of the mortgage side of this thing. Instead of a great state bank, a mortgage bank against which everybody will be suspicious—we are all going to be afraid somebody is going to get a whole lot of mortgages more than we do—if a law is passed along the lines of the national bank law that allows the establishment of personal mortgage banks—a law to be modeled absolutely after the national bank law, but to merely provide that a national mortgage bank can be organized in any town and be run in the same way as a national bank, the same stock liability, everything the same except that the national mortgage bank shall not take deposits, it shall run only on an amortization basis, and subject to restrictions, and shall issue debenture bonds, which, of course, shall be sold in that community—if you do that, a fellow can always go to the mortgage bank and get what he wants on his personal credit, a long-time amortization loan. The loan will be held by the bank, the bank will be examined by the examiner and the local inspectors, and instead of buying mortgages through the local mortgage broker, you buy bonds, local mortgage bonds, which is a great advantage, because that bond has the security not only of the borrower but of the bank, and it will look attractive, and that will bring about competition right away, which will keep the rates down, because they will want to get the business. A national mortgage bank, for instance, that has a million can start such a bank, and they ought to have two millions out on debenture account. They can do a very good business on small expense, and the men who own the stock should be representative of that community.

There, I believe, we can find that we have a decentralized system of mortgage banks. I can see right now that when we come to Chicago for legislation, asking for the incorporation of one bank to handle all the mortgages of one city, that the people are going to kick, and as a result it may be that a law along the lines I have suggested might solve the difficulty, and also stand a very good chance of passing in congress. As you say, Doctor, we are here for brass tacks. We do not want to propose something we can't get through. I am inclined to think that maybe we can pass that, and I believe it will do the business.

Another thing, the fellows who are now brokers handling mortgages, who usually put up the biggest howl against any such proposed system in this country, will have a good chance to get in on this thing, because they themselves can start local mortgage banks and they will not be knocked out of business, while if we antagonize those gentlemen they will go out and preach against anything we propose to do.

This is a very important subject, and there is another point I must not forget. In connection with that national mortgage bank we would also have a great central mortgage bank committee in Washington that would merely act as a central organization for all the little banks to do away with trouble in connection with our present banks. You might go into the mortgage bank at home and say you want to borrow $1000, and we would say we were all loaned up. Then we would have a great national bank at Washington issuing its bonds at a low rate. Your local bank could send its bonds up to the central bank in Washington and they would accept their bonds the same as they do in Germany, and then you could give them to your farmer. That is only in a time when money is awfully stringent. You give those bonds to your farmer and you say, "You can sell those, because they have an international market." He may have to sell them on the New York stock exchange below par if the market is below par that day, but the only object of that thing is to make it possible for any farmer always to get money.

We do not pretend to say that we can ever get a plan that will say to the farmer in the midst of a great panic, when all values are crushing down, that he can be able to get money at two per cent, but he ought to get it as low as anybody. If the farmer has to sell just at that minute, he will have to take a little discount on his bonds; but the fact remains he can always get the money. And that is one of the most important things—to make it possible for the farmer always to get long-time money or short-time money, providing he is absolutely entitled to it.

That is as near a plan as I have worked out, and it is still very hazy in my mind, and I am here to learn. Maybe I will change my mind before night, after I have listened all day.

MR. THOMPSON (Minnesota): I wish Mr. Woodruff would tell us just what method of appraisement he would suggest to be economically efficient on the part of these banks in going out and appraising these farms for the purpose of mortgage loans.

MR. WOODRUFF: You mean, Mr. Thompson, providing we had the little local banks, as I have suggested?

MR. THOMPSON: Yes.

MR. WOODRUFF: Well, I figure, if we had little local banks, probably a manager and a bookkeeper could run the bank. I have walked into some of these little savings banks down in New England. I was in one in Portsmouth, and I saw a statement that they had $5,000,000 deposits. I thought it was a holiday; I saw one man over here, the cashier, and a bookkeeper over there, and that was all there were in the bank. They had no business that would require a large number of people. I figure that a manager, a bookkeeper and stenographer could probably run a national mortgage back — only two salaried people.

As to appraisement, I presume it will be hard to lay down a rule that would apply to every case; but I imagine a man running the bank ought to make a personal appraisement. He might not be able to do that. He might perhaps have to have another man as appraiser.

I believe, furthermore, that all loans should be passed upon finally by an executive committee, and that committee should be made up from a committee of the board of directors, and usually without pay. They would simply come around and approve loans once a week, say. The banker might have some real estate man, somebody who knew values, and that committee of four or five men could meet once a week for 15 or 20 minutes, long enough to approve these loans. The chances are that they or some of them would know personally about the values in their own community, and so it would be pretty fairly safe.

I think there should be always a double appraisement. I think the man that makes the loan should make an appraisement and that should always be reviewed by somebody else.

A Delegate: Will you tell us just how you would proceed to make appraisements? For instance, where loans were away out some distance? How do you do it in your own bank?

Mr. Woodruff: Where we operate outside of our own exclusive district, we have an agent appointed. When we appoint that agent, we have our very best man, a man who knows what he is talking about from A to Z, go to that other county or place. He rides through the county with an automobile, and he takes notes on every road, and he knows all about the lay of the land. We operate exclusively, so far as we can, in counties that have soil conservation, and that soil conservation map lies on our desk in Joliet all the time. Our man makes notes on that community, and particularly the man who is our agent. We use, in every town that we can, the local banker as our agent, because we have generally been acquainted with him for years, and we know his judgment is reliable. We send up blanks to be filled out, which are cleverly worded, so we get the information we need. That is followed by a long report signed by him. That is carefully compared by us and then is all checked through by this man who is thoroughly familiar with that county.

Then the whole thing goes to our executive committee made up of four men. They consider it cold-bloodedly from every standpoint, and if they consider it all right we make the loan. We do not appoint local agents whom we have not known for a long time—as I say, usually local bankers are our agents. Occasionally we will find a district where we are not quite sure, and then we will make an arrangement to take our business and send it up subject to his taking it off our hands again, if, upon inspection, after six months we refuse the loan.

Then once a year our inspector inspects every single risk that we have in Illinois, and we watch particularly the condition of the soil, seeing that the man is not running down his farm; because if we have a loan running 30 years, even though subject to amortization, we must see to it that that man is keeping up his farm.

The report of the committee on resolutions was brought in and tendered by Mr. Kirkpatrick.

MR. KIRKPATRICK: I would like to yield a few minutes to the chairman of the committee on organization, Mr. Connell of Oklahoma.

MR. CONNELL: The chairman of the committee on organization asks permission to withdraw the report of the committee on organization for the purpose of presenting another report after the hearing of the report of the committee on resolutions.

On motion of Judge Kone, duly seconded, the request of the chairman of the committee on organization was granted and the report offered heretofore withdrawn.

The report of the committee on resolutions, presented by Mr. Kirkpatrick, its chairman, was read by Dr. Ellis, who moved the adoption of the report.

Motion seconded and, after a brief discussion, the report was unanimously adopted.

REPORT OF THE COMMITTEE ON RESOLUTIONS.

Your Committee on Resolutions begs leave to submit the following report:

WHEREAS, The cost of taking the products of the farm to the ultimate consumers is unnecessarily large, and the methods employed are wasteful; and, whereas, economical and efficient methods and agencies for the distribution of these farm products are of preeminent importance in reducing the cost and raising the standard of living of our citizens,

Be it Resolved, That the national government should establish a bureau or other effective agency for the study of the problems of marketing and for the distribution of information as to conditions and needs and rational methods of meeting these needs; be it also

Resolved, That the several state governments should, in similar manner, take up the study of this problem and that promotion of more economic and efficient systems and methods of marketing, and that the universities, agricultural colleges, newspapers, and the various organizations for promoting economic welfare, both in the city and country, should give this problem their immediate attention; be it further

Resolved, That we recommend the appointment by the president of this conference of a committee to present this resolution to the president of the United States and congress and to urge the carryng out of that part of the above resolution which relates to the national government, and also to secure the appointment of a committee in each state to present this matter to the several state governments and secure favorable action.

WHEREAS, The small farmer is at present unable to secure sufficient time, at a reasonable rate, and under favorable conditions the capital with which to purchase a farm, or to procure the equipment and materials necessary to the most effective and economical operation and improvement of his farm; be it further

Resolved, That the national and state governments, and other agencies mentioned above, should likewise give immediate consideration to the provision of adequate means to which the farmers may secure loans, under favorable conditions,

Resolved, That we favor organized cooperation, both of consumers and producers, under proper supervision, to promote efficient distribution, economical marketing and reduce expenses between producers and consumers; also organized cooperation, properly supervised, for securing more advantageous systems of rural credit.

Resolved, That we would urge upon our national government the rapid extension and improvement of our parcel post as a very potent factor in reducing the cost and facilitating the distribution of the products of the farm to ultimate consumers.

Resolved, That the executive committee be authorized to arrange for the holding of an International Congress on Marketing and Farm Credits in San Francisco in 1915, under the auspices of the Panama exposition.

Resolved, That the thanks of this body be tendered to the cooperating farm papers under whose auspices the conference had been held.

E. W. KIRKPATRICK, Chairman.

Mr. Connell tendered the report of the committee on organization and, after reading it, moved its adoption.

Motion seconded and carried after one or two amendments which were accepted by the committee.

REPORT OF COMMITTEE ON ORGANIZATION.

We, your Committee on Organization, beg leave to report as follows:

(1) That the next annual National Conference on Marketing and Farm Credits be called to meet at the Hotel Sherman in Chicago, at 10:00 A. M., on the second Tuesday of April, 1914, under the auspices of the agricultural press of the United States;

(2) That all marketing, distributing and consumers organizations of farm products in the Nation are hereby invited to send delegates to the next annual Conference, the delegates here present and the representatives of governors and colleges and universities being hereby recognized;

(3) That the papers and proceedings of this conference be printed and distributed in order that the interest of the people of this Nation may be aroused and sustained in the great problems of marketing and rural credits until same shall have been solved as they surely must be. Your Committee recommends the creation of a Committee on Printing Proceedings and the Program for 1914, who shall receive the moral and financial support of all interested.

J. H. CONNELL, Chairman.

Mr. Hull brought in the report of the committee on distribution, which, on motion duly seconded, was adopted as follows:

REPORT OF COMMITTEE ON DISTRIBUTION.

Your Committee on Distribution begs to submit the following report:

Until recently, we were chiefly concerned with marketing our export products. The marketing of what we consumed at home gave us little concern. Now domestic consumption pratically has caught up with production and the marketing of what we consume at home has become our chief problem.

Never before have we had such ample facilities for distributing and marketing products of the farm as now, and yet it is costing more to get these products to the consumers than ever before. Indeed, it is costing more to market food products than any other class of products we sell.

Up to this time the principal help the farmer has received from the federal department of agriculture and the state colleges and experiment stations has related to the details of production. Without limiting their efforts along this line, we recommend that equally effective aid be given to the farmers of the country by these and similar agencies in all matters pertaining to the distributing and marketing of farm products.

We heartily indorse the proposed market bureau to be maintained by the national government. The matter of marketing and distributing, the methods of cooperative buying and selling of agricultural products and supplies, the packing and standardization of goods, the proper accounting methods—all should be studied and developed and made as important a factor in our agricultural development as are the questions pertaining to production.

We approve the efforts, now being made, by several agricultural colleges of the country in the teaching of the business side of farming and in the formation of market bureaus. Every state college should have a market bureau and should offer courses in business organization, as applied to agriculture, adapted to short course students, as well as to the students of college rank. These matters also should be emphasized at all farmers' institutes and the farmers' organizations of the country should contribute everything in their power towards helping the farmers to become more efficient business men.

Crop-reporting should be a public matter and not the private possessions of speculators or stock gamblers.

We approve the efforts made by the establishment at Rome of an office for world wide crop reporting.

A requisite to intelligent marketing is a definite knowledge as to where the demand exists, as well as to where the supply is, therefore we would strongly urge that the federal department of agriculture and the various state departments of agriculture enlarge their crop-reporting systems that they may furnish the public with accurate and reliable data relative to the amount required to satisfy that demand for each commodity. This is the only remedy for congested markets in one part of the country and a shortage of supply in another at the same time. This would also give the producer the necessary knowledge to market his products with rational and business like adjustment to supply the demand.

H. J. WATERS.
E. D. FUNK.
N. P. HULL.
LAURENZ GREENE.
PETER RADFORD.
CHAS. MCCARTHY.

The report of the committee on farm credits was presented by Mr. Burkett, and on his motion, duly seconded, was adopted.

REPORT OF COMMITTEE ON FARM CREDITS.

Your Committee on Farm Credits begs leave to submit the following report:

We urge the nation-wide necessity of a general reform in our currency, banking and credit systems as a most important legislation to be undertaken by congress.

Comprehended in this national plan must be facilities for securing, among other things, the wide circulation of the notes or paper of farmers, merchants, manufacturers and business men generally through proper discount and rediscount systems.

We favor the enactment of state laws, and federal laws when necessary, which shall provide for the organization and proper supervision of cooperative credit associations for both farmers and wage earners; also cooperative long-time land mortgage associations, as well as joint stock long-time land mortgage banking.

C. W. Burkett.
R. Ingalls.
H. C. Price.
F. I. Mann.
B. F. Harris.
George Woodruff.
C. J. Owens.
W. H. Hatton.

The Chairman: I want to thank Colonel Holland of Texas and my good friend Shamel of Chicago and Secretary Holman for their courtesy in asking me to preside at this meeting, and I want to thank you ladies and gentlemen for the distinguished way in which you have treated me this morning.

AFTERNOON SESSION, THURSDAY, APRIL 10, 1913.

Colonel Holland: I am pleased to say that there was such a unanimous expression of satisfaction because of the splendid management of the session this morning by the chairman, Mr. Edens, that we have prevailed upon him to preside at this closing meeting. We have had several chairmen, and good ones, and the committee looked around for a better one than we have here, and was unable to find one who can handle a meeting better than Mr. Edens has proved that he can do it.

Chairman Edens: I am sorry I was not born in Virginia or Texas, so that I could make an adequate response to the very soft-tongued introduction of the gentleman from Texas.

It gave me very great pleasure to look out onto this audience this morning and feel sure that probably the results coming from so important a gathering as this would bring about some of the concrete things that the average man and woman in

America today is thinking about and wants to see accomplished, and that we may get away from these "scare" conditions that prevail in nearly every direction that so vitally affect human welfare.

This morning it was my very great pleasure to introduce a type of Illinois banker that we are all very proud of—a young man who, I think, carried himself so well this morning; and it is our further pleasure this afternoon to introduce as the first speaker another representative Illinois banker. I may be pardoned for briefly referring to some of the work that has been done in this state by this gentleman.

Some three years ago the Illinois Bankers' association awoke to the fact that as an organization it had been asleep, and through the inspiration which has come largely from Mr. Harris we have engaged in a campaign of agricultural investigation. Very quickly after we started into that work we found it necessary to hook onto the subject of education, and the next step, of course, was to find that we had to have good roads if the people were to continue to be happy and contented in Illinois under advancing agricultural conditions and educational advantages.

It was due largely to the patriotism and the wisdom and the foresight of Mr. Harris that the 1600 bankers composing the Illinois Bankers' association are enlisted today in that campaign, and we hope our present legislature will give us an educational bill of which we will have the benefit through the teaching of agriculture in our established schools. We hope it will admit of an appropriation of money to give us county agents, to give us field demonstration work in every county, and, lastly, we hope they will have the good sense to pass a good roads law and help pull Illinois out of the mud.

It is my very great pleasure to introduce Mr. Harris, vice-president of the First National Bank of Champaign, and former president of the Illinois Bankers' Association.

IMPROVING FARM CREDITS IN AMERICA.

B. F. Harris,

Former President Illinois Bankers' Association.

In taking up the general subject of improved farm credits this afternoon, we may well ask ourselves, What are we aiming at—what are we here for?

We are not gathered simply to secure more money for the farmer, nor to truckle to him or to any false sentiment or hysteria, but desiring to look the proposition as squarely in the face as one can view a proposition with so many faces. What we must have in mind is the greatest patriotic service—the most constructive lift, in the long run, to American agriculture. Any plan that will accomplish so great a result will have simultaneously served the country and humanity beyond computation. It is not enough to plan for the mere mechanics or methods of finance; that would be too much, if we could not justify the necessity and show the certainty of constructive consequence.

LESS ''DOLLAR DIPLOMACY.''

As in political parties, we are asking for more patriotism and less politics, requiring more of conscience and less of expediency in government, striving for a vocational system of education with practical values of culture and citizenship emphasized rather than simply trades. As in farming we are working for a bigger yield than mere bushels, so in farm financing we are striving for a greater goal than ''easy money.''

This change in attitude, this moral purpose in public as in private affairs, is the best sign of the times.

In short, the days and the dictum of ''dollar diplomacy'' are in the discard, and the real days of progress are come, with the greatest good to the greatest number, based on the welfare and success of the average man and woman.

While, withal, our policies must be practical, yet the whole trend must be to elevate and dignify.

THE KEYNOTE.

The most important impress this conference can make upon the farmer, as well as the country, is that above all things we are working for a bigger, better and fuller country life—for a rural civilization in America such as the world has not seen—to hark back to first principles and build anew and broadly on the bedrock of agriculture.

It is a matter of congratulation that our new secretary of agriculture, Mr. Houston, has the whole vision, for he believes that ''the money side of farming''—as opposed to living—''is too greatly emphasized.''

TIME TO HALT.

Some of us so little heed the back-to-the-soil movement that we won't appreciate it till Gabriel stirs our six feet; yet all through life we, and its beginning and end and the joys between, are entirely dependent upon the few inches of surface soil whose life is our life.

Until we learn to handle it less wantonly, to fondle and nourish it as our other treasures, we can hardly expect others to abet the plan of further despoiling it by finding easier ways of using it as security for its own undoing.

Where the soil has been starved until its declining returns have helped force an unnatural and abnormal advance in prices and little or no part of this advance has been returned to and used to build up the soil, then, indeed, is it time to call a halt.

Though there be those who tell us improved and additional financing facilities come before better and more purposeful plans for farming, the facts and wise judgment do not justify them.

DIAGNOSIS FIRST.

Do not misunderstand my warning, for I am a real optimist, a progressive American, and defer to no one in my devotion to twentieth-century agriculture; but I would have us find first what the end may be, with the conservation of the real essentials of the soil and the man as conditions precedent.

Improving farm credits with us is with the purpose of improving the conditions of the latter, the soil and the man, our final assets.

The prompt and permanent cure of any complex case cannot be effected except upon the basis of an accurate diagnosis covering conditions, apparent and remote, and their causes.

Accordingly let us take up the diagnosis, for then the remedy—the prescription—is apt to be a comparatively simple matter.

Whether the patient can secure or his friends agree with the diagnosis and provide the proposed and accessible antidote, is another matter.

THE FARMER THE PROBLEM.

While we can and we must and we will work at one and the same time, on many or all of a dozen or 20 problems of agriculture and rural life, yet it is difficult to say which is most insistent.

Nor is it altogether necessary to single out the most vital factor, now that so many of us are awakened to the necessities of the case and are working for action all along the line.

It is helpful to have the Illinois Farmers' institute remind us to acknowledge that the farmer himself is our greatest problem. Certainly the best product of the prairies is not corn, but men, and the quarter-section that produces a thinking man, full-fledged in all his powers, may well be said to have performed its mission. We are glad to see, however, as the discussion widens on farm problems, that finance is not considered the most vital nor persistent feature.

CAMPAIGN CAPITAL.

During the recent national campaign, many incorrect and harmful statements were widely circulated in effect that our farmers were not being as well treated as the peasant farmers of Europe. These statements indicate that European farm rates were four per cent and less, while ours were above eight; that this difference was largely responsible for the high cost of living, and the plain inference that farmers and consumers were held up by American money lenders.

It appeared that money was to be had for the asking by European farmers, while nothing was said of the explicit foreign requirements and penalties for misrepresentation, using for non-specified purposes, or premature liquidation.

As a matter of fact, our department of agriculture estimates the average of mortgage rates as within 6½ per cent. The large bulk of farm mortgages and all those in the more settled sections approximate five per cent, which is relatively as low as Europe's minimum mortgage rate of 4.30 to 4.50.

While we want to make credit easier, rates better and time longer on mortgage or land credits, and note or short-time agricultural credit more available, yet other needs are not thereby being dwarfed nor lost sight of.

THE GREAT TRINITY.

Better rural education, particularly in the way of vocational training of children and direct farm demonstration for all, is fundamental and will bring the larger and more profitable production.

Cooperation and organization, with fewer middlemen—a working of all together that each may prosper individually—infinitely aided by good roads—will secure better and more economic marketing.

Profitable production and economical distribution calls, in turn, for an equally efficient system of general as well as agricultural credit and finance. These several problems are one and inseparable—the trinity that helps to make and must always be considered in the making of the new agriculture. It is not wise to take up any important problem of rural life unless we treat it in its relation to the whole subject. Sir Horace Plunkett, widely familiar with and experienced in the rural problem in several continents, tells us that it must be considered in each of its three aspects, namely: as an industry, a business, and a life.

LACK OF COOPERATION AND STATESMANSHIP.

Through most of the rural sections is as great a lack of collective thought as of cooperation; therefore the people of the towns and cities must take the lead in the matter of organization in the great work for the redemption of agriculture.

EUROPE IN THE LEAD.

All but the English-speaking nations have kept their rural development abreast of their urban development, and have nourished and fostered it, as must we. In Europe, for instance, they developed combinations first in the country for the general good, while we have first developed combinations in the city, not always for the general good. They have helped themselves by helping the farmer farm, while we have been more disposed to farm the farmer and many of his city cousins.

IF AGRICULTURE WERE ORGANIZED.

In this country we hear the protests of the consumer and of the farmer, due to the pressure of organized finance and commerce, which would be largely reduced if agriculture was as well organized.

Equally effective organization on the part of farmers will reestablish the balance between the various factions and economic factors of this country necessary to maintain our preeminence.

THEORIES ON THE COST OF LIVING.

In addition to the great benefit to the farmer, and therefore to the country, in teaching him his strength in organization, and how to use and turn it to financial and political account, the question of the cost of living is largely included in this and other rural problems and that of our currency system.

Our antiquated banking and currency system is only adapted to concentrate cash and restrict credit. The rise in the price of commodities both increases the demand for and diminishes the supply of capital.

A proper banking system would keep pace with the need of capital, for it encourages business which creates credit. An effective currency system, which we one day hope to have, to properly develop our credit, put us on a par with and eventually in the lead of other nations, does not depend on gold, but on credit

The English system has been well said to be ''a currency of promises, the cheapest and best currency that man has ever devised.'' These promises are expressed in gold, but their real basis is the whole volume of marketable assets. All this and more, Harold Cox, editor of the Edinburgh ''Review,'' has covered in the jar he gives the convenient theory we have of charging the rise in prices to increase in the gold output.

Business, properly facilitated with a national currency system, creates money; money doesn't create business.

The requirement of more ''extras'' of life has helped create an excess use of capital and labor in the cities and a relative decline in rural output, further aided by decreasing acre and per capita production. The necessaries of life produced in the country and elsewhere largely by hand labor tend to grow dearer, and the largely machine-made ''extras'' grow cheaper.

That our dollar's value in necessities has shrunk to about 71 cents in the last 15 years, while Europe's is worth 83 cents, must be largely explained by her better national currency and credit system and her larger crop yields and more efficient and direct methods all along the line.

TIME FOR ACTION.

The time for action has long come. These problems demand instant and interested service, and while I bring you few new facts, the point of view may differ. This conference is but one of a thousand more or less similar assemblages, moved by convictions and meeting in a spirit of service to perform a public duty. Thus, not losing sight of any of the problems that cry for aid, we may turn to the specific problem of ''Improving Farm Credits in America.''

THE AVERAGE FARMER.

The ''average farmer,'' as established by the census, has 138 acres, each producing $10.85. To secure this result, he has invested $4475 in land, $994 in buildings, $199 in machinery, $774 in live stock; a total of $6443. If he charges himself five per cent interest on this investment, he will be left an income of $1175 to pay all running expenses and his salary.

His profit has been variously estimated at from 10 to 20 per cent—which in either case I am certain is too high.

LIVE STOCK FARMER WINS.

Investigations by the department on the farms of live stock as opposed to crop farmers in Illinois, Indiana and Iowa for 1910 give possibly a more accurate inkling of the situation. One hundred and ninety-four live stock farms, averaging 189.5 acres, and employing average capital of $33,222, showed a ''labor income'' of $755. Seventy-nine crop farms of 161.1 acres and average capital of $27,532 had ''labor income of $28.

In other words, the owners, after paying operating expense, taxes and deducting interest on their capital, had respectively

$755 and $28 for their year's time and labor. The fact that beef production has fallen in the last 12 years from 450 to 180 pounds per capita works still further to the stock farmer's profit. The agricultural department has also had answers to categorical questions on the various features of farm credits, propounded to some 9000 country merchants, bankers and farmers.

HE IS FAVORED.

Fifty-seven per cent of these replies show that there is no difference in the rates on purchase money mortgages, as between town and farm property. Twenty-three per cent report that the rates are lower on farm property, and 11 per cent say higher. In the matter of short-time loans, 68 per cent report no difference, and 21 per cent say farm rates lowest.

The local banks, where they exist, are reported as supplying 57 per cent of the total agricultural credit (purchase money mortgages not included), while only 16 per cent of the credit comes from outside capital when available.

Since 1900, the number of banks in the United States has increased two and one-half times—a rate of increase almost double that of population during the same time.

The largest rate of increase has been in the South and West, where most needed. The total number of banks now averages one for each 250 farms, or an average of about 7½ to each agricultural county. The replies coming in and wide comments made, as well as census figures, are clearly demonstrating that the farm credit situation is not so serious as the first hysteria indicated. All goes to show that even such credit as we have, like our soil, is not properly employed.

We have roundly 35 billions of dollars in farm lands and buildings, and a total of 41 billions, if machinery and live stock are included.

Our 1910 census shows 6,361,502 farms in the United States, of which 3,948,722, or 62 per cent, are operated by their owners.

About two-thirds of them, or 2,588,596, are free of debt and the balance carry a mortgage debt of $1,726,172,851, equal to 27.3 per cent of their land and building values.

The census does not undertake to show the indebtedness of the remaining 38 per cent of farms which are operated by tenants or managers.

The total indebtedness on all farm property and of the farmers, through mortgage and personal note cannot, it seems, exceed 10 per cent.

We know of no other class of business or industry that will show as small a rate of indebtedness.

While the average farm mortgage is $1715 as against $1224 in 1890, yet the owner's equity has grown from $2220 to $4574, the farm advancing 100 per cent while the mortgage grew 40 per cent.

This would clearly indicate, from the debt point of view that financing is not seriously crowding the farmer, and that he is a desirable borrower, if he is a good or constructive farmer.

This latter is to be firmly kept in mind, for these figures again indicate that the question of enabling farmers to borrow at lower rates, is a minor one considered in the relation to the entire problem of more efficient farming.

LESS DEBT THAN ANYBODY.

In any event the data would seem to show that while the average farmer is not getting the return warranted from the value and character of his investment, yet he is not suffering undue discrimination in interest rates and is more nearly out of debt than other men.

The so-called ''bankruptcy of the farm,'' if not now proved to be a fiction, is rather a bankruptcy of method and purpose than of money and prospects.

There is an interesting and pertinent suggestion in the further fact that while the owners occupy almost 65 per cent of all improved farms and 66.4 per cent of them are free of mortgage, yet the mortgaged owners have 27 per cent more improved land, own 7 per cent larger farms, invested 10 per cent more in farm implements and have 20 per cent more in buildings.

Again, Wisconsin, as a representative state, shows a rate of owners 35 per cent greater than the rest of the country, and a larger proportion of mortgage indebtedness, yet it is one of our most prosperous states. These figures indicate, as in many other lines of endeavor, that greatest industry, profit and progress is frequently shown under debt. Wisconsin figures apparently prove that as indebtedness increases tenancy decreases, for her percentage of tenants is decidedly below the rest of the country.

Certainly land ownership with mortgage is an admirable substitute for tenancy.

THE FARMER STOOD STILL.

Census figures show that the farmer has not increased production and lowered cost, as have all other men, but that he is standing still and the stiller he stands the lower his soil fertility and the higher the cost of living.

As evidence of this from 1899 to 1909 prices of farm cereals increased 47 times the quantity, which only increased 1.7 per cent, though improved farm acreage had increased 15.4 per cent.

Decreasing fertility is thus clearly shown, as well as the fact that our per capita production decreased nine bushels while Europe's continues to advance.

In 30 years (1879-1909) the collective acreage—wheat, rye, barley and oats—yield with us has reached 21.7 bushels per acre, a gain of 6.6 per cent, while Germany's average is 39.5 bushels, or a gain of 80 per cent. While cereal productions advanced 87 per cent in price, all commodities, including these, only advanced 23 per cent. To say the farmer was standing still between the last two censuses, at least so far as method and production are concerned, is justified by these figures.

BASIS OF CREDIT.

The question of farm finance presented in a large general way, is precisely the same as in any other industry, saving the fact that the use of such farm credit as is available is as little known or efficiently employed as is the soil. Honesty and good judgment, with an industrious application of both, are the basis of credit. The good farmer, as the good business man, with these attributes of credit and a decent farm on which to display them, makes an ideal debtor.

We believe the large majority of country bankers appreciate this fact, though there is not so much business resulting as its beneficial possibilities warrant. We want all the country to know this and the direct mutual and public benefit of more business between the farmer and the banker.

The data shows and the facts indicate that the farmer is getting as good treatment as his town neighbor, but that need not satisfy us, if the farmer is to begin improved farming, constructive alike for agriculture and the Nation.

PAST USES AND FUTURE PURPOSES.

Before discussing means of improving farm finance it is most important to more fully consider the uses to which the farmer has been putting most of his surplus cash and borrowed money, and his future purpose.

Dr. T. N. Carver, professor of political economy at Harvard, gives as his opinion that the most important question now before our rural people is: ''For what purpose shall we spend our money and our energy?''

His answer in effect is, I am glad to say, ''A great and permanent rural civilization.''

We must not lightly pass his ideas as too idealistic, for they are most timely and sane.

IDEALS.

People generally spend their money, as well as their time and energy for the things they value most highly. The course to be taken by rural America, should not be a matter of chance, but one of choice. There are the two alternatives: to build a great civilization with a real heritage for their children and children's children, or a continuation of present haphazard and wofully wasteful practices—temporary satisfaction with no abiding joy.

The great agricultural section of this Nation, which centers here, is capable of producing an enormous surplus—for what purpose?

To be spent in self amusement; the boys and girls leaving; owners retiring to the cities, with a larger farm tenancy resulting, or, in building up a rural civilization such as the real friends of agriculture and the world dreams of but has never seen.

But men do not change conditions, conditions change men, and as ''there is no permanency but change,'' man's methods and so man will change, and what he labors for will come.

A HABIT TO BE ACQUIRED.

In the first place, it seems to us, not many farmers use their ready money to improve or invest in the best place on earth, their own farm—if it has the elements or making of a real farm. They take their ready money to make the cash part payment on adjoining land, or a farm speculation, perhaps hundreds of miles away.

This is only mentioned to show that some farmers, we will not say how many, haven't the real constructive idea—which they must acquire—of improving their farms up to the new farm basis. This is the crux of the whole problem of twentieth century farming and of all we are striving for. We are not suffering for more farms or more acreage as we are for better and soil conserving methods on what we have. Most of the apparent profit in farming is ''paper'' profit for it comes from selling the fertility of the soil as we would coal from a mine, and we are leaving just as big a hole in its value.

We can't afford to furnish money at any price, for ''soil robbers,'' ''land skimmers'' and ''farm exploiters.''

We do not properly employ in constructive, permanent, investment farming any large fraction of our present borrowings.

BIG RETURNS ON SHORT TIME.

One agrees with the statement that ''the farmer rarely borrows to improve his farm,'' but asks ''Why?'' and answers himself in this wise:

''Because the loans that are available are for short periods—three to five years—and must be paid long before any material returns can be gotten from the investment.'' But the facts are quite the reverse. Every agricultural college bulletin, every farm paper, the practice of progressive farmers, is daily demonstrating that any number of newer methods, seeds, better machines, fertilizers, live stock, balanced rations, thoroughbred breeding, feeding floors, shelters, silos, three and four year heavily mineralized rotations will pay themselves out and a profit besides in one, three or five years at the outside.

The farmer doesn't seem to realize this and that a more scientific or business like method would add wonderfully to his profit, and would be, both for him and his banker, a good piece of short time financing.

DISSEMINATION—DEMONSTRATION.

It is this sort of information that must be disseminated, these facts and the practical deductions to be made from data now in ''cold storage'' in the agricultural colleges, and it is for that purpose we want the most important man of all, the county farm demonstrator.

The farmer owes the world the debt of an economically produced and abundant food supply. His own prosperity is dependent upon his fulfillment of this obligation and it is the world's duty to cooperate with him in his task, not alone of feeding it, but of keeping its ranks filled and captained with new blood, for almost without exception the great men of the world come from the farms.

NOT COMPARABLE TO EUROPE.

We are told of the methods of farm financing in Europe, and by some who feel that we might immediately and successfully adopt those systems en bloc.

There is no analogy whatever to be drawn as between their peoples, conditions, methods, theories of life, their environment and training of generations and our own.

Their countries are settled and developed with a rural population fixed by birth and training through long years, and their practices are matters of growth and education, to which we could only gradually adapt ourselves, even if perchance we wished to.

Farming is a business with them, as peasants or owners on small scale with large and increasing yields, all tending to assure creditors, as opposed to our larger scale and lack of method, smaller and decreasing yields with credit not encouraged, where long deferred.

This country's constant growth and development, with its many tempting opportunities, puts our farmers still farther out of line with European practice.

It gives our farmer that many more opportunities for investment outside of a loan society, and helps keep rates higher. In connection with all this the independent and individualistic tendencies of our people are such as to make dubious the success of cooperative banking on any extended scale or over any extent of territory. It would, of course, be interesting to see it tried out, under proper safeguards, and the result might be beneficial in developing business ability and vision among farmers. They should have this opportunity, but the farmer, not the banker, is the factor in this case.

Wisconsin's recent report on European agricultural cooperation concludes, that "to be successful requires an order of citizenship that only genuine, technical and cultural education can produce, with the additional requirement of independent land ownership not purchased at a price which puts an unbearable interest burden on the farmer."

A NEW CURRENCY SYSTEM IS MAJOR PROBLEM.

The whole proposition of farm financing is intimately associated, or should be, and interwoven with the major problem of a new currency system, the most pressing of all our needs.

While the banker needs a modern currency system as a safeguard, for stability and convenience, he is however only the middle man receiving from one and giving to the other, yet the farmer and business man need it as a matter of necessity—as a matter of life and growth.

Thus we want a currency system with such central and other discount arrangement that the farmer's due bill will have equal place with that of the merchant, and be classed as most desirable and reliable paper. Giving it this wide currency will increase the demand for it and help the rate, as its character is demonstrated and thus all the short time credit could be properly cared for.

There is no objection to further aid in this direction, through enactment of state or federal legislation, or both, enabling individuals so desiring to incorporate cooperative agricultural credit or mortgage banks, under proper safeguards and supervision. Statistics show that we now have as many banks per capita as has Germany, where agricultural finance has reached its greatest development.

ILLUSTRATING PROMPT PAYMENTS.

As illustrating how the farmer meets his notes given for threshing machines, engines, tractors, etc., I may quote the survey on an average million dollars of such paper from a concern doing an eighteen million dollar business.

The average note was for 80 per cent of purchase price, bore 7 per cent interest, carried a personal responsibility of 1½ men, whose net worth was $20,000. These notes were 29 per cent prepaid—46 per cent paid at maturity—the average payment being 55 days before maturity. Loss, less than one-half or one per cent.

INCREASING MORTGAGE FACILITIES.

In the matter of real estate mortgages we find wide practice among our various types of banking, trust and savings organizations.

Our 12,864 state banks, having total resources of $3,747,788,000 (an average of $291,340 per bank), have almost $500,000,000 or 13.1 per cent of their total resources invested in mortgages or loans secured by real estate. Savings banks, loan and insurance companies carry up to 42 per cent of their resources in real estate securities.

On the other hand, our national banks, with resources of $10,383,050,000 carry only $65,112,000, or but six-tenths of one per cent in loans secured by real estate.

With a modern currency system, there could be no objection and many remarkable advantages in permitting at least 40 per cent of all national bank savings deposits and much of their surplus to be invested in prime mortgages.

The same might be permitted with the government postal savings deposits.

A surplus in amount of 25 per cent of their capital is all that is required of national banks, while the permission to invest their surplus in approved mortgages would be a profitable incentive for them to build up large surplus, thus properly accommodating most desirable business and giving depositors the additional protection of larger surplus.

New currency legislation with proper enabling acts in the matter of farm paper and farm mortgages, as suggested above, with state legislation making farm mortgages acceptable investment for all savings banks, trust company and trust funds, would render tremendous aid to farm financing and in turn furnish them one of the most reliable assets to be had.

MORTGAGES PROMPTLY PAID.

Illustration of the reliable character of the farm mortgage is had in the recent statement of President Clark of the Union Central Life Insurance company.

In its history of 46 years it has loaned $133,838,549.44 to 75,102 farmers, secured by mortgage on 11,462,363 acres, the average loan being $1,782. The net loss after paying all costs, fees, assessments and penalty interest rates was fourteen-hundredths of one per cent. This is substantially the history of all properly organized farm land mortgage business.

Some $600,000,000 in farm mortgages are carried by our life insurance companies—an amount equal to 35 per cent of the total farm mortgages shown by the census.

ADVANTAGES OF AMORTIZATION.

Further mortgage outlet would probably best be had along the general line of the French credit foncier plan of fairly long time loans, whereby they are amortized or paid off gradually by a small payment over interest each year.

The long time loan plan would reach such success as will come to it, by private enterprise under state or federal incorporation and supervision.

Beyond question it offers, in our opinion, the real opportunity to accomplish big things, to do the work of building up permanent agriculture and longer time loans make soil conserving clauses absolutely necessary.

Instead of heavy annual payments on the principal, the small payment each year removes the pressure of the mortgage, the worry of foreclosure, encourages improvements and thrift for the future is carrying the proper portion of constructive farming.

Thus more of the farm income can be spent for the farm's improvement and the family's comfort.

While only one-third of German mortgages are now on an amortized basis, yet the greatest success of any of their systems, in volume of business has been with the private joint-stock mortgage banks chartered under the law of 1899. These are carrying $2,618,000,000 in mortgages, being five times the amount carried by the landschaften banks, organized more than a hundred years before. The financing or loaning of its money by the government, as suggested by some, is of course out of the question, and is not now looked upon with favor in Europe. The farmer following a permanent system of agriculture, who keeps books and accurate records of his work and its results, who has his titles and abstracts up in clean shape, will be in a position to get quick action under these new provisions for farm finance.

OUR HOPES AND OUR RESPONSIBILITIES.

When we have accomplished improvements along these lines, have done away with the burden of double tax on land and mortgage and have found some way of helping every intelligently industrious tiller of the soil to become a landowner, we will have realized most of our hopes.

Each year the responsibilities and possibilities of each fertile acre increases and as the demand for its products enlarges the opportunities for gain are multiplied. While the fee may be in us, yet in reality it belongs to posterity, as we must account for our other talents ''even unto the third and fourth generation,'' so must we answer for soil neglect.

Improved farm financing, even its discussion along these constructive lines, will do the same service in hastening permanent farming, that the automobile will do in bringing good roads.

We must have improvement in our entire financial system, which improvement among other things so sorely needed, will bring prompt and adequate credit facilities to fully meet the legitimate and constructive needs of every branch of industry.

Agriculture, as our basic and largest industry must be given especial consideration, not alone for its immediate needs, but for its greatly to be increased and impending needs, due to the larger use of plant foods, farm machinery, more live stock and better and more permanent improvements. And so, in conclusion, as farm credit is thus widened and the volume so largely increased, we must be all the more particular to see it is used conservatively and profitably and for constructive purposes and it must be ''so nominated in the bond.''

Mr. Hale (St. Louis): I wish to congratulate the gentleman who has just spoken upon the masterly manner in which he has handled the subject.

The one part of it in which I fully agreed with him I do not think he explained as fully as he might have done, and I hope he will give us more light on the subject.

He made reference to the deposits which are made by the people into the postal savings bank. It is only recently that the government has gone into the banking business, but so far the government has gone into the banking business just half way. I do not understand that that money is to be loaned out for a bank purpose, and my opinion is that all moneys deposited into banking institutions should be loaned out for the benefit of the depositors in the neighborhood, and I believe that has been to some extent the purpose of this postal savings bank, and that this money should be loaned out through the banks in the different parts of the country for that purpose. I do not know of any purpose which would be or is more proper from the standpoint of the benefit of the country than that money should be, as Mr. Harris said, devoted to the purpose of giving farmers farm loans of small or large degree at a low rate of interest. When we say that the government has only gone into business half way, we might also add it has not gone far enough.

A gentlemen spoke a couple of days ago of having grown up in the city of London, but having remembered further back than that, to the county of Kent. I was one of the boys who went to school in the county of Kent, and I remember very distinctly the institution of the postal savings bank in England. I knew a man who was one of the first clerks employed to keep accounts in that business. It is a long road to keep track of what is going on there. One thing I had in mind is that all the deposits that go into the British government are absorbed in the consols, or in some other way. They have debts to pay and it is easy for the government to take that money and pay three per cent interest upon it.

Now, this country is not going to be in debt all the time, and these deposits to these postal savings banks are going to be immense; they will become a very large and very important feature, and if it is the intention that the people of the United States shall be taxed to pay interest upon these deposits, I think it would be entirely wrong; for that is not the purpose of the government in going into the business.

But if the United States government will loan out this money under proper regulation to the farmers of the country, be it through the credit foncier or any other means—and I believe through existing banking and trust institutions is the best way—this entire matter of farm credits can be boiled down to a practical business standpoint that will be an honor and glory to the country. I believe it is absolutely the duty of the United States government to devote the deposits of the savings bank that are now made to the purposes I have named, and I hope that will come to be the fact and that Mr. Harris will be known in future times as one of the men who first suggested it.

The Chairman: Mr. Harris, what is the arrangement under the law now?

Mr. Harris: I do not understand that there is any provision, except that this money is deposited in the depository banks, which pay 2½ per cent interest to the government for the use of the money. It goes now into the channels of commerce.

Mr. Hale: It is not being loaned out at low rates of interest to the farmers, as I say it should be.

The Chairman: A friend of mine opened an account with a postal savings bank a little while ago, and he left it. I had an idea it was a good thing. There are people who say they have no use for banks, and I supposed this postal savings bank would suit them. This friend thought he would rather come to me. I think we are going to get some fine experience out of it finally.

The next subject is discussion by Mr. Homer C. Price, of Columbus, Ohio, dean of agriculture, Ohio State University.

DR. PRICE: I will preface my remarks by saying that I am not a banker, but I am a farmer, and as professor in the agricultural college I feel a great interest in this subject.

I would most heartily endorse what Mr. Harris has so ably said of the necessity of improving the agriculture of this country. I had no opportunity of seeing his paper before it was presented here. I think if I had I might lay a little more emphasis upon the necessity of an improved financial system as a means of improving the agriculture of our country.

I think if you were to examine historically the European countries you would find that their improved agriculture has come as a result of their improved credit systems rather than that the improved credit systems have come as a result of their improved agriculture. You will find in Germany, which certainly represents the very best type of rural credits at the present time—you will find that Germany has the very best agriculture and that agriculture has been developed there in proportion to the development of their credit rural systems.

What I had planned to say was on one phase of this very large question of farm finance, and that is a discussion of the land mortgage credit system, and, as I understand, this is a good place to spring ideas.

IMPROVING FARM CREDITS IN AMERICA.

HOMER C. PRICE,
Dean College of Agriculture, Ohio State University.

American farmers have never been more prosperous than they are at the present time. Prices for farm produce are high, crops are good and farm land is constantly advancing in value. Why then is the question of farm finance occupying such a prominent place in the public mind? I believe that it is because of this prosperity that farmers are awakening to the fact that they lack any adequate system of financing their enterprises. It is the prosperous business that can use capital to advantage and it is the prosperous farmer who can afford to borrow capital to invest in his business. But the industry of agriculture is made up of small, independent commercial units and lacks the advantages of combination found in other industries. Particularly is this so in the matter of credit, and the individual finds himself seriously handicapped in the matter of financing his enterprises as compared with large commercial interests of the city.

We have been entirely self-satisfied with our agriculture in the past, and have revelled in exploiting virgin soils. We have had little time or inclination to know what the older countries were doing. But all of a sudden we have awakened to the fact that we do not possess all that is worth knowing in agriculture and that in agricultural credit, cooperation, distribution and organization we are woefully behind some of our European neighbors.

Foremost among the nations in financing their agriculture stands Germany. For nearly a century and a half they have successfully conducted their landschaften or land mortgage association, the oldest and, I believe, the most satisfactory institution that has been developed to furnish real credit (that is, credit on real estate) to farm owners.

ADVANTAGE OF LANDSCHAFTEN SYSTEM.

The great advantage of the landschaften is the fact that it serves as the medium by which farm mortgages are converted into negotiable securities by means of mortgage bonds. We recognize that there is no better security than arable farm land and no form of property less liable to be destroyed by act of man or God. But because of the difficulty of transferring title in real estate, the delay occasioned by the legal procedure of foreclosure and the tedious process of examining the title to ownership, land is not the most desirable security for credit and for many kinds of investments is not accepted. Through their land mortgage associations the German farmers are carrying at the present time one billion dollars in farm loans on which they are paying on the average 4 per cent interest. By means of their mortgage bonds (Pfandbriefen) their farm mortgage securities are made as negotiable as government bonds and are ''gilt edged'' securities, accepted in all circles. There is no foreign system of agricultural credit that we can hope to transplant bodily to this country any more than we can hope to transplant any other foreign institution. Our customs, laws, traditions and conditions are different, and all that we can hope to do is to take principles and adapt them to our conditions so that we may accomplish the same results. If we will profit from the experience of other countries and take the best out of their systems we should be able to develop a system of rural credit in America better than anything that now exists.

Confining my remarks to real credit (that is, loans secured by farm lands), the things that we need to accomplish by means of a rural credit system, as I see it, are: (1) to convert farm mortgages into securities that are readily negotiable; (2) to provide long time loans that are repaid on the amortization plan and which cannot be called in except for cause; (3) to convert the farm mortgages into standard securities that will be accepted for all classes of investments; (4) to secure a rate of interest commensurate with the security given; (5) to provide that loans may be made and repaid with a minimum expense and loss of time on the part of the farmer.

How is this to be done? That is the question that we have to solve. We have heard repeatedly what has been done in other countries, but what the man on the land in this country wants to know is what can be done in the United States to accomplish the same results as have been accomplished in other countries.

There are three ways that land mortgage associations in this country might be organized and operated to accomplish the same results as the Germans' landschaften societies, that is to make loans and issue mortgage bonds in exchange for the mortgages accepted on farm land. *First*, to form a cooperative association of land owners who desired to borrow capital on their farms just as the German landschaften societies are organized. Although from a theoretical standpoint this is the ideal organization and for nearly a century and a half has been in successful operation in Germany, yet, for American conditions, unused as our farmers are to cooperative organization, to hope to bring about the successful organization of a land mortgage association through cooperation I believe is entirely visionary.

The *second* method is to leave the organization of such institutions to private initiative as our building and loan associations in the cities have been developed or the land mortgage banks of Germany are operated which are associations doing business similar to the landschaften societies but are stock companies instead of cooperative companies. There are several drawbacks to leaving the organization of such institution to private initiative. In the first place there is not enough of prospective profit to induce private interests to undertake to develop anything like a general system. In some localities there would be successful private organizations just as we now have, but there is no reason to believe that such organization would become anything like general. In the second place an association organized by private interests will be operated in the interests of those who loan money rather than those who borrow, and farmers cannot expect to get any great relief through such organizations. There is still another drawback to privately organized land mortgage associations, the success of such institutions as a means of extending credit depends upon the confidence the investing public has in the bonds that they issue. It is reasonable to expect that in the beginning investor and borrower would hesitate to do business with such institutions and any system that is left to develop by means of such organizations would make little progress.

The *third* way that land mortgage associations might be organized, and accomplish everything that has been accomplished by the German landschaften societies, and to my mind the only feasible plan for American conditions, is for the respective states to organize and operate land mortgage associations. Such a plan would involve the establishing of a state land mortgage bank as a state institution for the purpose of furnishing an adequate system of credit for farm owners in the state through the sale of bonds secured by mortgages on farm real estate. The bank itself would not have the funds with which to make the loans. But in exchange for accepted mortgages would issue bonds of equal amount in denominations of $25.00, $50.00, $100.00, $250.00, $500.00 and $1000 and bearing interest at 3, 3½, 4 and 4½ per cent. The denomination of the bonds and the rate of interest they bore to be optional with the borrower. The borrower could either take these bonds and sell them himself or have them sold through his local bank or have the state bank sell them for him. The farmer borrowing in this way would pay on his loan the same rate of interest as the bonds issued in exchange for his mortgage bear plus ½ per cent to pay the operating expenses of the state bank and to build up a reserve fund. The German landschaften allow only one-quarter percent for this purpose, but we will put it at one-half per cent to be conservative.

In addition to this would be added the per cent or fraction of a per cent that is to apply to the amortization of the principal. For example, a farmer makes application for a loan of $1000. His application is granted and he is given in exchange for his mortgage ten $100 bonds bearing 4 per cent interest, these are sold at par so that he realizes $1000 in money. He pays four per cent and one-half per cent to pay operating expenses of the bank, and he wants to pay enough additional with his interest to pay off his loan in 25 years, in which case it would be necessary for him to pay $33.52 semi-annually or the equivalent of 6.7 per cent semi-annually.

A land mortgage association organized as a state institution would at once give its bonds the standing of state or municipal bonds and they would command as favorable rates of interest. They would also command the confidence of investors, as the bonds of privately or cooperatively organized associations could not possibly do. The objection may be raised that such a plan means that the state is going into the banking business. But such institutions would not carry on a commercial banking business, they would simply be the intermediary between borrowers and lender. They would be entirely self-supporting and would simply mean that the state had taken over a fundamental public utility, namely, converting farm real estate securities into a more stable, uniform, secure and negotiable form that would be of mutual advantage to both investor and borrower. It would be a matter of prime importance to the public welfare because it would provide a means of developing our agriculture and increasing our agricultural production far beyond what is possible under our present conditions.

COUNTY NATURAL UNIT OF ORGANIZATION.

A single state land mortgage association located in the capital of a state would be too far removed from the farmers which it is supposed to serve. To meet this difficulty a branch association of the state association should be established in every county seat. The county is the natural unit of such an organization. Land titles are registered and taxes are paid at the county seat and it is not so far removed from the farmer but what he could go in person and arrange for this loan. The loans would be granted, the titles examined and the mortgages accepted by the county branch office, but the issuing of bonds should be limited to the state organization. Such an organization would give the advantages of centralization and would standardize the bonds issued within a state; at the same time it would give the advantage of decentralization in carrying on the business and taking it close to the individual farmer.

The question of possible loss on the part of the state on account of bad loans naturally arises. In the German landschaften there have been practically no losses since they have been organized. The risk of losses would always depend upon the care with which loans are made and the proportion of the value of the property loaned. In most of the German associations the maximum amount loaned is two-thirds the assessed value of the land for taxation purposes, but when they were first organized the loans were usually limited to one-half the value.

In establishing such a system as I have outlined it would be necessary for the state to appropriate sufficient funds to establish the system and to provide a reserve fund to guarantee bonds in addition to the mortgages held by the association. This initial appropriation to be paid back from the earnings of the association within a reasonable length of time.

The question of the taxation of the bonds, the foreclosure proceedings, the transfer and registration of land titles are all questions intimately connected with a land credit system and questions that should be considered in connection with any rural credit system. If a state were to undertake the establishment and operation of a land mortgage association as I have suggested, I believe it would be important to its success to adopt the plan of registration of land titles known as the Torrens system. Several of our states have already adopted this system and others have legislation under consideration providing for its adoption. The advantages of the system are that it establishes beyond a question the validity of the title because after a title has once been officially registered the government guarantees it. It also very greatly lessens the expense of land transfer and shortens the time required. If a state system of land credit were established and it was made as one of the requirements that the title to farm land must be registered before it would be considered as security for a loan, the possibility of questionable titles would be at once eliminated and the probability of loss from bad loans very greatly reduced.

The plan proposed makes no provision to furnish credit to the "landless man," which I recognize as one of our most urgent needs as well as one of the most difficult to meet. But let us do one thing at a time and provide a plan for extending the credit of the man who has land and can offer a tangible security. The question of personal credit will have to be worked out on some other basis and we can better judge how to provide it after we have solved the problem of real credit.

MR. MCPHERSON (Oregon): I do not wish to discuss the paper of Mr. Price, which sets forth a constructive scheme, for the reason that it will be brought out very clearly by the next speaker. But I do want to call your attention to one or two points somewhat hinted at by Mr. Price.

The paper of the last speaker is, from beginning to end, from the standpoint of the banking interest. It takes into consideration, and I think justly so, the interests of those who are already in the field; but I do not think that those interests, organized as they are, will ever solve the farmer's problem.

To begin with, Mr. Harris starts from the point of view which I think is exactly placing the cart before the horse—that in order to have better credit facilities for agriculture we must have better agriculture. There is not a single country in Europe in which the agricultural credit system already in existence did not begin when they were all but down and out.

Take Germany, for example, with its landschaften system. The first landschaften were formed when the great land-owning nobles were on the verge of bankruptcy, and they were forced into this system in order to save themselves.

Take in the 50's, when the raiffeisen and the other systems were organized in Germany. The poor farmers were down to bankruptcy. They had no scientific farming or anything else, and the basis of these associations was to give the farmers credit on reasonable terms.

This is substantially the history of every single country in Europe, and we have got to begin down there and recognize that fact before we get anywhere in a scheme that is based on using the instrumentalities already in the field—any such scheme I think will prove wholly inadequate.

Take the examples Mr. Harris pointed out. Take the Patrons' Cooperative bank of Olathe, Kansas. That started in as a cooperative bank, organized in the interests of the farmers, when every bank in Johnson county had failed. The farmers went into that, owned stock, but it was not very long until they ceased practically to be farmers, and their interest now is the interest of bankers, and the stock of that Patron's bank of Kansas is selling at $300 a share—originally $100. Now, why is it that stock has gone up from $100 to $300? Because the few farmers who happened to be lucky enough to get stock in that bank have also been lucky enough practically to retire from farming and are living out of the receipts of the bank, those receipts being made out of the business of other farmers.

The only sort of an institution that is going to help the farmers is one that gives the farmers all the profits except the exact expenses.

I think perhaps the next speaker will throw some light on that.

Mr. Harris: As to the gentleman's suggestion as to the point of view, I tried to tell you that I was speaking from the point of view of the farmer. Of course, you may come to any conclusion you wish about my suggestions, but I have gone even further than the resolutions of this convention. I have suggested that the national banking act be almost entirely remodeled, and in addition to that I have advocated federal and state legislation providing for cooperative banking and land mortgage banks and every kind that you can think of.

Another question the gentleman suggested, based upon the suggestion that I made, that purposeful and permanent plans for good farming preceded credit responses. That is a good deal like the little question in natural history where the school teacher showed the little boy an egg, and said, "The egg hatches out little chickens, and the chicken grows and becomes a hen and she lays an egg," etc., etc., and the little boy said, "Well, how do you start that game?"

Now, the real answer to that is its practical application. If we had not anything now in this country in the way of solving these problems, excepting a cooperative scheme of banking, the very first question that those farmers who were running that cooperative bank would ask their brother farmers who came to make a loan, would be, "What are you going to do with this money?" Not only that, but, "This is what you will have to do with that money. You will have to use that money for permanent improvements and for soil conserving purposes. Of course it would be ridiculous for me to say that we would have to wait before this whole country was on a permanent basis before we could do anything for the farmer, but a condition precedent is necessary as it is with the merchant. The very first proposition is that this money must be used "thus-and-so." The man must have a fire insurance policy, and all that sort of thing. That is a condition precedent in all this work, and we must look at it from that very standpoint. I cannot see it in any other way.

One of the greatest lessons that we can learn from this conference is that we must take up this soil conserving method of doing our business. I do not believe that the cooperative system of banking is going to meet any great success in this generation. I believe that any set of farmers that want to go into that business ought to have the authority to do it under proper supervision, and I do believe we must have new mortgage loan companies to do this business, but in addition to that I believe all the present banking facilities should be used for that purpose.

THE CHAIRMAN: Mr. R. E. Hamilton, who is the personal representative of Governor McGovern of Wisconsin, had to take a train and he asked that I should read this bill, which is pending in the Wisconsin state legislature for passage, and ask that it be incorporated in our record.

MR. MACPHERSON (Oregon): What Mr. Harris says regarding the necessity of improved methods of agriculture is a point that is well taken; but we must look at the matter this way: how much have we accomplished by our present methods toward obtaining those improved methods of agriculture? And then let us ask the other question right there, how much influence is our present method and propaganda having outside of a very few men, a very small percentage of those who attend agricultural colleges?

The school of commerce of the Oregon agricultural college has during the past year, by all sorts of correspondence and by getting in touch with country life commissions everywhere, been trying to find out what is being accomplished by our tons and tons of department literature that is being shipped out all over the country. We got in touch with leaders everywhere, in Canada and in the United States, and the estimates came back ranging all the way from 2 per cent up to—someone had the temerity to suggest that about 12 per cent of the farmers in his section of the country ever looked at the literature of the department of agriculture. I do not believe the same can be said of personal efforts, because I think there is always a good influence wherever a good man is sent out into a community. But we have been working for a generation or two at the same problem that Denmark has solved without anything like our amount of machinery in less than 25 years. Denmark began to organize, began with organization. Germany began with organization. The farmers were compelled, in order to reap the benefit of their organizations, to follow the methods laid out on scientific principles. Men began studying these things; they became interested and they began studying agricultural literature because it was made an absolute necessity. Most of our literature finds its way into the waste paper basket before the farmer looks at the title page—that is the situation in the United States.

If we can get organization at work, private local effort among the farmers inducing them to reap the benefit of the things already established, I say we will have an automatic power which will bring our scientific principles into practice.

If we can get our credit organizations at work; if we can get our marketing organizations at work, then our agricultural colleges will begin to count. We will begin to lay more stress on education, and that is the one thing we need tremendously. Seventy-five per cent of our farm boys and girls are leaving school before they complete the sixth grade. Imagine a farm boy or girl going to work at one of our average farm bulletins, with a possibility of getting interested in it, who has not completed the sixth grade!

And there are reasons for this. In the first place, much of the literature is not very original. We have got to get down to work ourselves. In fact, in order to make our literature readable and interesting, we have got to have men to write it who know how to write as well as how to dig up facts.

In the second place, we have got to lay great stress on education, and the stress has got to come from the farmers themselves in arousing feeling and thought.

They are doing that in Denmark and Germany and other European countries, but we are sending our boys and girls out to work on the farm when they have just about come to the sixth grade.

COOPERATION AMONG JEWISH-AMERICAN FARMERS.

GEORGE W. SIMON, CHICAGO,

Secretary of the Jewish Agricultural Aid Society.

I am here representing the Jewish Agricultural Aid society, whose purpose is to aid the Jewish farmers of America.

Possibly but few of you realize that we have some farmers among our people. We are generally considered to be only consumers, traders, but we have farmers, and some of them quite good ones.

I am not going to discuss the question of our farmers, because there is not time, but listening to the different facts that have been told about the different countries here, I felt that I couldn't help but give you a few facts which we have obtained here in this country among our people.

Some people calculate that the farmers cannot do anything. We believe that farmers can do something. We take them from the city and place them on the farm, and we started out with a system that we think is a scientific credit system. We have obtained results, particularly among our young men. If you apply the same principles to old farmers, the results are more uncertain.

Now, I am going to give you some facts and figures. I have here an annual report of our institution, which has been organized 14 years, and we have made loans to farmers of our people in 28 different states, to 2568 farmers, amounting to $1,494,437.91.

HELPING THE FARMER INCREASE FARM VALUES.

These loans were made only on personal character. They were installment mortgages, mostly second or third mortgages, up to the value of 80 and sometimes 90 per cent of the real estate property of the borrower. But these loans were made only for productive purposes, either to equip the farmer with the proper stock, or with better implements or equipments on the farm. In this way we increase the value of the farm upon which we have made our loan, and, ordinarily, while we made our loan only up to 90 per cent of the value of the real estate, after it is equipped with our money, the farm has risen in value and we have really got security up to 75 per cent of the value of the farm, because the farm has become better; that is, the farm itself, or the stock, the horses, silos, machinery, whatever it was that the money paid for, in this way was improved.

Now, in this 14 years we have collected back from our farmers 26 per cent of the money outstanding with them. This year, for instance, we have collected $100,000 interest and principal from this money. Besides paying to us the $100,000, these people have paid to other people twice as much prior obligations, and that means that these people have saved up about $300,000.

Now, when we started with this credit foncier bank, or our modification of it, we found out that is not enough. After we have placed these men on the farm, it is difficult for them to get along on account of old commercial debts, small debts to commercial men, to pay for seeds, fertilizers and labor. That is the reason why the farmer cannot cooperate in the selling of products, because he is forced to sell his products as soon as he can in order to meet accumulated debt. Now, we said, what shall we do to help out in that condition of things? If a man needs money to pay a small debt, he usually goes to the grocery man or to local money lenders and pays them 100 or 200 per cent for a loan.

MODIFYING THE RAIFFEISEN SYSTEM OF BANKS.

So we have organized a modification of the raiffeisen system bank. We organized them, first, into small groups, societies. In 1909, we started a venture with 13 individual societies, mostly in the East. We have now 51 societies organized under this organization and in almost every state, New York, Pennsylvania, New Jersey—almost every state—and one is recently organized in Michigan.

We charge them four per cent interest on these mortgage loans. We give them preferably only second and third mortgages, because we do not want to give them first mortgages. Our object was not to give charity, but to train them to business; to offer them a business proposition from the beginning. You can get money most anywhere in the open market for five or six per cent all right on first mortgage, and we are giving them money at four per cent on second or third mortgage.

Many of our people paid in the first place 12 per cent, besides paying a bonus. In such instances, we were forced to give mortgages on a first lien, in order to give them relief.

We come to a community, for instance, where there are 20 or 25 farms, and let them subscribe shares, $5 each share. If a community will raise $500, we advance to this community, this small organization, twice the amount raised, that is, $1000. They are all jointly responsible for this $1000. We knew in the first place they were good enough, we simply discounted their moral character.

PERFECT CIRCULATION OF COMMUNITY'S MONEY.

Now, this small community had a small capital, say, $1500, among its 20 farmers, to loan in case of necessity. Why did we organize these small banks? The trouble is where it comes a large loan we could easily reach every one, because everything is under the personal supervision of our agents, but on small loans, we decided they can reach each other better than we can do; we wanted to teach them to govern themselves, and the result was that we have organized these credit unions under the raiffeisen system. After they had the capital of $1500, they were advancing small loans, not to exceed $100, to each other, among the members, and charging six per cent interest. The result for the first eight banks which we have established I will give you: Four of them were in Connecticut and four in New York, with a capital of $4000. These 8 banks in about 10 months have loaned out $23,375. They have had an income of $425, paying 11½ per cent dividend on the investment; $500 which these farmers have made.

We have now 17 raiffeisen banks in operation in this country, and they work splendidly.

If you follow up the same system with experienced farmers, I am sure you can obtain much better results that we have obtained; only, go and do it.

I want to make one more suggestion, if you will allow me, on the question asked here as to how you appraise farms.

PERSONAL EQUATION HAS MUCH TO DO WITH LAND VALUES.

I have been in this work for the last six years since I graduated at the Connecticut agricultural school, and I personally, have appraised quite a number of farms, in 10 or 12 different places of this Union. I believe that the best way to appraise a farm is according to the man who is on the place. Last year I made a trip through the South. I looked over the country and I asked about the prices for land and the prices are going up quite quickly and have made comparison with land here in the Middle West, which sells for $200 an acre. I told them, if you will take the land which you have here and the population from the Middle West and transfer to the South, the land South would be worth more than it is worth in the Middle West, and to transfer the people from the South to the Middle West and the land from the Middle West will be worth as much as it is now in the South. I don't want to cast any reflections on the South, we have splendid men, but they are not enough of them there. We have very few white men. Quite a number of them are negroes who are not adapted to take care of the land properly. We need more white men to take care of the land. The feeling of people is that land in the South everywhere is in the hands of promoters and that is keeping back the city man from coming onto the farm.

WOMEN PREFER CITY TO FARM LIFE.

I am an optimist. I believe the country is going forward. People ask, "Why does the farmer go back to the city?" Many have tried to answer that question here, but one point was omitted, we have omitted the woman, and she is the most important factor in this question of why the farmer leaves the country. I investigated personally that question, because every time one of our men buys a farm, I go and investigate why the other man sold the farm. I want to know the reason, and I have found out and I can say that in almost 90 per cent of the cases, the reason is that the woman does not want to stay on the farm.

Another most important factor is that we have educated our boys in the agricultural colleges, but we have not educated our girls to be the right kind of mates to them. I know for a fact of boys who have entered college with the intention of going back to the farm. When they returned the girls they cared for told them: ''I will marry if you will go and farm in the city.''

Now, the trouble is that the women are blind. We have to open their eyes to show them the advantage of the country, the beauty of nature and the love of nature. If we will reach that point, our country will be the most prosperous country in the world.

MR. C. C. WARREN (Illinois): Mr. Harris says that the bank's first question is, ''What are you going to do with the money?'' I think he is mistaken. The first direction is, ''Prove up your title.'' Now, Mr. Price tells us of a remedy. The Torrens system, I believe, is in use to some extent here in this county, and I want to know how we can get it in the other counties. I am in the real estate business and I know what it costs to prove up a title, and that is the first thing to do in order to get money on a loan.

MR. McKERROW: I am not here to advertise Wisconsin, and do not need to, because Mr. Harris did that. But there were some things in his remarks which I am afraid might be misleading to some people in regard to what statistics show in relation to the number of farms mortgaged in Wisconsin, and so I wish to add just a word of explanation. We have farmers on the larger part of the farms in the state of Wisconsin, and not land speculators. These farmers are building homes on their 20, 40, 80 and 120 acres. They are putting in lighting and heating plants and making it pleasanter for the women, so they are not dragging the men to town. It costs money to make these improvements, and, besides that, the large part of the farms of Wisconsin are very new farms, just being hewed out of the woods, and it takes money to run such farms as that. So the Wisconsin farmer, we will admit, is in debt; and in one sense I am proud of that. I am not proud of mortgages either, because when I carried them myself I found they were a pretty heavy load; but the farmer in Wisconsin doesn't have to pay 8 or 10 per cent for borrowed money; he is getting his farm loans at 4 to 5 per cent. Up in Wisconsin, under our banking law, we have state banks practically organized in every little country village of five or six hundred people, officered by farmers and filled with farmers' money at 3 per cent and loaned out on farm loans in the immediate neighborhood, where there is no question about them, at 5 per cent.

This is not as good as the foreign system that has been talked about, nor as good as the system incorporated by these Jewish people, but it helps the Wisconsin farmer.

Now, we find that people are glad to take these loans on these little farms. Early last winter, as I rode up through a certain region of our state, I had pointed out to me a 40-acre farm, hewed out of the woods, that had just been sold at $200 an acre—a good farm, with good dairy barn and good silo. And right here I may say that one of the reasons, probably, for some of these mortgages is that Wisconsin has more silos than all the other states in the American Union put together. The dairy farmer is willing to borrow money to build silos, because he knows there is money in it. If he can borrow money at five or six or seven per cent to build a silo which returns him 15, 20 or 25 per cent, it is a wise speculation; and in that sense the Wisconsin farmer is a speculator.

This farm I speak of that sold at $200 an acre had a dairy farm and a silo, and was mostly cleared. You may think it is strange that it had sold at $200—that farm 'way up in central Wisconsin, within five miles of new lands that anybody could buy at $20 an acre. But this farm was productive and the previous owner had been able to make 12 or 15 per cent out of it with his dairy cows.

So our friend who just spoke is right when he says that the value of the farm depends very much upon the farmer on the farm, and I profoundly hope that this conference will educate us all along the line of cooperation in marketing and in farm credits, and, not only that, but will not forget the other line of better farming.

Mr. Miller (Kansas): I hope this association will not adjourn without laying more emphasis on two very important points, namely, the need of money for the landless man, and longer time for him.

Now, I think most of you will agree with me—and I am sure Mr. McKerrow of Wisconsin will do so—that the average farmer who is on 40 or 80 acres of good land is not in need of sympathy from anybody. He can borrow money just as well as the railroad man can borrow money. I know a farmer who owns 120 acres of land who went into the bank and borrowed $1800 on his personal note at six per cent. He is not in need of our sympathy.

But we ought to give not only our sympathy, but we ought to give attention to the question of providing the landless man with land, and on long-time payments. The average man that owns a farm can borrow for three or five years at five per cent; but the young man, the son of that farmer, for instance, who has three or four children coming up—that young man, we know, wants to go out and have a farm of his own. Now, what becomes of that young man? He goes 'way out west somewhere, or he goes to Canada, and he tries to eke out a living and get started somewhere. What we want to do is to keep those young men with us, and we can't keep them with us on our present system. Under that system, he must have in money two-thirds of the value of the land before he can buy, and under those circumstances he isn't going to buy it; he cannot. I want that system changed, so he can go to some bank or loan company and say, "I have got $1000 and I want to buy a piece of land for $4000, and I want 10 or 20 or 30 years in which to pay for that land."

The system mentioned this morning—an organization by which he can take up some plan of payment, a system where his character counts for something—gives hope to the young man who knows how to farm and wants to buy a 40 or 80-acre farm. Even if he has only $1000, he ought to be able to buy the farm and pay for it in 10 or 20 years.

If a man owns his farm he can borrow money from the life insurance companies on 10 years' time at 5½ per cent interest. He doesn't need our sympathy.

I tell you we are losing our bright young men every year, who are going to Canada or somewhere else—young men who ought to be provided with the means of establishing a home upon their own farms.

In the time of many of us we could take up land under the homestead law, plenty of good land; but we have no homestead land now. We have to pay for our land, and I think we should present some system whereby the landless men can have a home; because we need a nation of homes. I think the great point in connection with the Danish farmers is the fact that they own their own land and their own homes. A man who does that is a better citizen. Just think of the condition of a land where 89 per cent of the farmers own their own farms. If we had that condition in most of the states of this country I believe a great many questions would be settled very soon that are now bothering us, such questions as we are considering. The questions of schools and marketing and credits can be handled a good deal better by men who own their own farms than by anybody else.

At a bankers' meeeting last summer, the gentleman who preceded me on the program said he didn't want to do business with a tenant farmer, and he advised the banks of this country to have just as little to do with them as possible.

I followed him, and I said, "Our business is to make the tenant farmer a farm owner; to make it possible for the young man to have an aspiration to stay in his own country." I have talked with hundreds of young men who came to the agricultural college. Somebody has said here that the young men are driven from the farms. That is not true. The young men are fairly prosperous and their fathers are fairly prosperous all over this Central country of ours, but the feeling that they cannot own a house is against them all the time. The young man who is living with a prosperous farmer is brought up to believe that he belongs to something. He has something; he is looked up to because of what his father has done. The time comes when he wants to marry and have a home of his own. He begins to look around to choose a place that he would like. He wants to rent a farmer, maybe 120 acres. He wants money to equip it and live upon it; but he has to give it up; he finds no hope, no home; and he goes off to Canada or somewhere else. We want to save these young men and keep them with us.

The Chairman: I am going to say that the secretary tells me that we have a total registry of 415 degelates whose credentials have been passed upon, and they have been admitted to this conference. These gentlemen have come from 34 different states, from four provinces of Canada, and from Mexico.

We will now hear from Dr. C. J. Owen, managing director Southern Commercial congress, Washington, D. C.

Dr. Owens: I am very glad indeed that Mr. Simon, the Jew, preceded me. It calls to my mind the fact that some tribute should be paid here to that great Jew, David Lubin, who from California went to Washington and offered his idea of a federation of the world based upon agriculture, and our statesmen in Washington failed to catch his vision; the United States department of agriculture failed to catch his vision; and he went to Europe, a man with an idea—like Columbus, if you please. He went about from one capital to another, and finally the King of Italy gave him a palace and the money, and they organized a national institute of agriculture which today comprises 50 nations of the world, bound together under treaty, and our government each year appropriates its quota for the support of this great institution. It comprises 95 per cent of the population of the world and 98 per cent of the area of the earth. I think we should pay our tribute to David Lubin, the millionaire man, who unselfishly originated that great idea for building up that world federation based on agriculture.

AMERICAN COMMISSION TO STUDY EUROPEAN FARM FINANCE.

CLARENCE J. OWENS,

Managing Director Southern Commercial Congress.

It is not my purpose to discuss the technique of the systems of farm credits, cooperative or of other character, as practiced in America or Europe: nor is it my purpose to offer a plan of farm finance or a remedy for existing economic evils.

I desire simply to inform you of a campaign I have directed for a year, that has for its purpose the improvement of farm credits in America; to briefly state the scope of the proposed inquiry into the systems now in successful operation in Europe and then recognizing the lack of material and the need for an educational campaign to reach the humblest farmer, recommend delay in the adoption of a remedial plan at this time and urge the immediate launching of a campaign of education, to guide our people in the solution of our rural economic problems.

The Southern Commercial congress, by permission of the department of state of the United States, secured Hon. David Lubin, American delegate to the International Institute of Agriculture, Rome, Italy, to guide the conference on cooperative rural credits, which was held in Nashville, Tenn., April 1-6, 1912. Twenty-seven states were represented. The complete outline of the European systems of cooperative rural credits, as published by the international institute of agriculture, was used as a text by the delegates in the conference. It was unanimously decided that a commission of, for and by the farmer should be assembled, to be composed of two delegates from each state, for the purpose of going abroad for a full investigation of the European systems of cooperative agricultural finance. The purpose of securing a commission of such size was to bring into one unit the combined ability of representatives of all the states, and for the further purpose of having two men of recognized ability to convey the findings of the commission to their respective states and to assume position of leadership in the crystallization of the plans in securing the enactment of federal and state legislation for the establishment of some system of rural credits in the United States.

The Southern Commercial congress entered upon the campaign of publicity and education throughout the United States. Planks endorsing the investigation were written into the platforms of the republican, progressive and democratic parties. Officials of The Southern Commercial congress presented in person the plank adopted by the national democratic party in Baltimore. The congress of the United States unanimously endorsed the commission in a resolution March 4, 1913.

The plans and purposes of the commission have been further endorsed by Rt. Hon. Sir Horace Plunkett of Ireland, Ambassador Herrick, Ex-President Roosevelt, Ex-President Taft, President Wilson, the international institute of agriculture, the house of governors, the American association of commercial executives, the Chamber of Commerce of the United States, the Farmers' Educational and Cooperative union of America, the National Farmers' congress and the National grange.

Congress has further provided, under the agricultural bill, that a commission composed of not more than seven persons shall be appointed to cooperate with the American commission, assembled under the auspices of the Southern Commercial congress, to investigate and study in European countries cooperative land mortgage banks, cooperative rural credit unions and similar organizations and institutions devoting their attention to the promotion of agriculture.

The investigation of the American commission primarily will embrace:

(a) The various European systems of cooperative rural credit, and is to include both the cooperative and the non-cooperative phases of rural finance.

(b) The modes of cooperative production and distribution as they are directly or indirectly affected by these cooperative rural credit systems.

(c) The parts played respectively in the promotion of agricultural production and distribution by official and semi-official bodies such as the landwirtschaftsrat of Germany, and by voluntary associations such as the consorzi agricoli in Italy.

Special note will be taken of the effect of cooperative organization upon social conditions in rural communities and the relation of the cost of living to the business organizations of the food producing classes.

The commission will be composed of one hundred delegates representing thirty-six states and five Canadian provinces. It is probable that other states will appoint delegates prior to the time of departure. Arrangements have been made for the commission to leave New York, April 26th on the Saxonia of the Cunard line, and returning, leave Queenstown, July 18th on the Cedric of the White Star line. The itinerary includes Italy, Austria, Hungary, Germany, France, Holland, Switzerland, Sweden, Denmark, Belgium, the Balkan states, Russia, England and Ireland. President Wilson will receive the commission at the White House on the afternoon of April 24th and a dinner will be tendered the commission in New York, on the eve of the departure by Mr. E. N. Breitung, at which time farewell addresses will be delivered by members of the cabinet.

To facilitate the work of the commission, Secretary of State Bryan has forwarded instructions to the diplomatic officers in Europe, calling upon them to bespeak for the commission such courtesies and assistance in the line of its endeavors and the sense of the resolutions, as it may be possible to obtain. In order to establish the diplomatic status of the commission, the body will be received by the King of Italy on the day of arrival.

The method of securing the information in Europe will be in part by what is known as the "Jury of Enquiry." The people who will appear before the American commission will be of every grade: the renter, the small land owner, the great land-owner, the officers of the minor associations and those of the larger associations, and, besides these, the semi-official and official authorities and their advisors, as well as other parties competent to give testimony on the economic status as it is directly or indirectly affected through the operation of the associations.

Mr. Lubin, in a letter to me, just received, says:

"The questions affecting the mode of procedure in cooperative production and distribution, while they will have their place in the enquiry, are, nevertheless, of minor importance in the scheme. By far the most important question before the American commission is that of how the American farmer can obtain the money. That question has largely been settled in some countries by government agency. But no such settlement of the case is possible in the United States. The United States are far removed from sympathy with paternalism. If the money is to be obtained there it must be had without recourse to governmental sources.

"Now how are the farm assets of the United States to be rendered available for this purpose in the form of liquid security? How are these assets to be converted into a form of security which would render them as liquid and as safe as United States bonds, and marketable at about as low a rate of interest? These are the questions that confront the American commission; these are the questions that it will have to take up, digest, elaborate and place in suitable form for adaptation in the United States. And here are some of the difficulties in the way. A United States bond is as liquid and safe in Rhode Island as it is in Oregon. It is worth as much in Wisconsin as it is in Louisiana. But, in the case of farm assets, at the present time, their values are local. Every state in the Union regulates them largely by its own law, and interprets the same in its own way. And so long as this is the case it is idle and useless to talk of what we would do as cooperators in production and distribution. Before these assets can be put in the required form there will have to be, first, uniform state laws, and, secondly, national laws calculated to render American farm assets a security as liquid and safe as United States bonds.

"The first thing, therefore, for the American commission to find out is how this may be done.

"Give the American farmers, say, three or four billion dollars, at government bond rates, and they will be able to put the trusts out of business. They will then be able to be their own distributors, they will then be in a position to master the details of cooperative distribution quickly enough. But without this money all this becomes idle talk; a sheer waste of time.

"But has the American farmer got the assets? He certainly has; for the United States Census shows that he has property worth 41 billion dollars, which is more than quadruple the amount necessary as security for all the money he would ever require.

"This is the problem that calls the American commission to Europe. This is the purpose of the enquiry."

I have two definite recommendations to make to this conference. The first is that no hasty action be taken in the actual announcement of a plan for the Nation, in the organization of cooperative institutions in marketing and finance. During the past year fully a score of plans have been submitted to the Southern Commercial congress. These plans have no status other than the fact that they are offered by individuals or by a small group of students in this field. I presume that we have in this conference at least a dozen men who believe that they have solved the problem and are ready to present to the country a definite plan of action.

The Federal government, under the agricultural bill has appropriated $50,000 for the express purpose of making an investigation and establishing a system of marketing suited to the needs of the whole country. The very fact that Secretary Houston has brought to his assistance in this work, such a man as Dr. Carver, should establish the enquiry in your confidence. Reference has already been made to the appropriation of $25,000 for an investigation into the systems of rural credits and agricultural cooperative finance here and abroad. The fact that Dr. Butterfield and Dr. Coulter are among those appointed by President Wilson for this work, insures efficient service and a report in the interest of rural America.

The committee of eight from the house of governors will await the report of the federal commissions and the report of the American commission before deciding upon a legislative program. I submit for your judgment that the plan to be adopted in the United States should be approved by the house of governors and the federal government. If this policy is not adopted, then I predict, that a score of plans will be formulated and in some cases by irresponsible persons and organizations, to the discredit of the entire movement. There is grave danger in the adoption of a system of marketing and finance by any conference at this time, however great the ability of the conferees and however devoted they may be to the cause.

The American farmer whom we seek to benefit is not informed as to the various cooperative systems in practice here and abroad. Reference is made by some to the fact that we have ample material available here for the farmer on this subject. I desire to challenge this statement. Reference has been made to Ambassador Herrick's report and yet it is true that Mr. Herrick's report is yet to be made. True he submitted a preliminary statement, but in this he simply recognized the value of the European systems and expressed the opinion that the systems may be adapted here. Reference is made occasionally to the ''Taft Idea'' as if the material is available on a plan offered by the former president. It is true, however, that Mr. Taft makes no such claim. He states frankly that he lacks the knowledge to speak with authority. Reference has been made to the publications of the international institute of agriculture and yet it is true that the full report is available to but few libraries and the digest or outline has been sent out during the past 12 months only, and upon the initiative of the Southern Commercial congress. Twenty thousand copies were sent direct from Rome and a few additional copies have been available in the form of a Senate document. The United States department of agriculture and the state department of the United States have no material for the American farmer on our subject. The enquiries that have gone to these departments have been referred to the Southern Commercial congress. The joint committee on printing gave permission for a compilation to be made of the government documents bearing on the subject of rural credits and it is true that the only material to be found is in the form of senate and house documents, submitted during the past 12 months. A great mail-order house here in this city, gave us the money that enabled the Southern Commercial congress to send out a half-million issue of senate document 1071. This house not only addressed the envelopes for us but gave us the benefit of their list of the most responsible farmers in the United States. I assert most emphatically that we have not in available form for the farmers of the United States, the material, explaining the cooperative systems of Europe and their practical adaptation to the economic conditions that prevail in America, and I submit therefore, that until the man of the soil is made ready for this new order of things, through a great campaign of education and until governmental approval is given to the plan, it will be an act of injustice to offer him that which may be but the substitute for the thing we seek, which may be the plan for selfish gain on the part of a few. With the national mind stirred to a recognition of a great need the unwary may be led into the acceptance of a plan that will lead to failure and retard the adaptation of a system that properly understood may mark an epoch in American life.

This thought leads me to my second recommendation that will be briefly stated. This conference was called by cooperating farm papers. Let the farm papers of the country take the leadership in this campaign and here decide to devote a section or a department under the direction of the most capable editors who can be secured, to follow the findings of the federal commission and the report of the American commission, and give the rural population of the country the fullest interpretation of all that is available in order that knowledge may guide them in the acceptance of new plans for the solution of their economic problems.

MR. HARRIS: I think it would be a very nice compliment to Dr. Owens for this conference to send a greeting and godspeed to the American delegation of the European Institute of Agriculture through Dr. Owens, and I move that that be done.

Motion seconded and carried.

THE CHAIRMAN: Mr. R. Ingalls of New York City, the associate editor of Business America, is here, but he modestly states that he has not been accustomed to speaking and generously gives his place on the program to Mr. M. J. Badow, who will now address us.

THE ORGANIZATION OF LAND CREDIT IN GERMANY.

GERARD M. J. BADOW.

The organization of land credit in the German empire has such remarkable distinctions from that of other countries, that it occupies unquestionably the first rank among all other credit organizations of a similar character of any civilized country.

It is the oldest system of organized land credit in the world, looking back over a period of development, covering more than 140 years.

It is the most manifold system ever created, for in no other country has organized land credit produced so many forms under which the credit needs of land owners are successfully met.

And finally in no country have the land credit institutions ever become as important factors in the money and credit market as in Germany.

How important factors they are, may be deduced from a few figures, I wish to give you here.

On April 1, 1909, the debt of the empire amounted to $1,063,375,000, the total debt of all states comprising the empire was $3,570,125,000. Opposite this we find, that the total amount of city and farm mortgage bonds issued by the land credit institutions and outstanding on January 1, 1910, were $3,934,488,076, and the registered debentures of the German urban and rural municipalities, including churches, and other public corporations totaled $1,352,025,000.

A total of government debts of $4,633,500,000 against land credit loans of $5,286,513,076. So you see that if it was true, that the American farmer adds to the wealth of this country with a borrowed capital of $6,040,000,000 he would be comparatively well off in comparison to the German farmer, whose domain, comprises only an area of about the size of Indiana, Illinois, Iowa and Missouri, less some 7000 sections and needs about 57,000 sections of land in order to reach the size of Texas.

WONDERFUL STRENGTH OF GERMAN INSTITUTIONS.

But the point here is the tremendous power which these land credit institutions have reached in the credit market; a power which, however, has never been of anything but of benefit to the farmer.

For you must remember that of the 80 land credit institutions of which I intend to speak the mortgage banks of more recent date were organized with the avowed purpose of doing business for profit.

Of these 80 institutions, according credit on land security, 47 are within the kingdom of Prussia, of which 11 have their main office in Berlin.

For all practical purposes we must divide them into two main groups, namely the cooperative institutions and the mortgage banks with a stock capital.

The cooperative institutions may again be divided into two groups, in so far as they represent themselves to us either as cooperative associations of borrowers or as associations that lend their own credit to so-called forced corporations of public right—states, urban or rural municipalities—in order to meet the credit requirements of the real estate owners of the same, thus furnishing the credit institutions their basis of credit, by guaranteeing and assuming all liability for their obligations. The first subdivision comprises the landschaften, while the second subdivision takes in the state and provincial as well as the municipal credit institutions.

There are 24 landschaften and other cooperative associations of borrowers, 16 institutions of states and provinces, two institutions under the supervision of municipalities, and 38 stock capital mortagage banks.

Of the mortgage banks, 10 carry on a general banking business in connection with their mortgage loan business or vice versa, and 28 are purely mortgage banks.

This comprises all those institutions, as procure their loaning capital through the issuance and sale of bonds, or debentures, and does not include the numerous concerns, doing a general real estate loaning business, without the right of issuing bonds, and therefore not coming under the provisions of the law of July 13, 1899. Again not all of the concerns taken into consideration can be said to do a mortgage banking business. For instance, the two institutions of Dresden and Duesseldorf have no banking organizations, but carry on their work more or less like a department of the municipal administration of the cities named.

BEGINNINGS OF GERMAN LAND CREDIT.

The cooperative credit institutions find their representation in the form of the old landschaften, the new landschaften and the state and provincial institutions. I do not intend to go back into history and tell you of the conditions prevailing, when these institutions were founded, nor even burden you with the dates of organization of each, except that the first landschaft was created by royal decree of Frederick the Great in 1770.

By this decree the landed estate owners of Silesia, a province recently taken from Austria and successfully defended against the armies of all Europe by the lone man of Sansouci, noblemen whose names and property were found to be registered in the matricula of German nobility, were combined into this unit and a credit basis was created for them, which emanated from the joint and unlimited guaranty of all liabilities of each individual and the whole corporation. This institution, because it covered the territory of one landschaft or province, was shortly styled the landschaft.

This landschaft as well as the three others, organized within the next 18 years, loaned funds to the incorporated nobility only, up to a certain tax value of their individual properties. The East Prussian landschaft, however, dropped this rule as early as in 1808 and began loaning to not incorporated landowners, when the law of von Stein had liberated thousands of agricultural contract laboring men, who had saved enough to become property owners.

The Silesian landschaft created in 1849 a farmer's loan department, and the other institutions followed by organizing subsidiary concerns, taking care of the peasants' land credit needs exclusively.

The new landschaften of which there are, properly speaking, but six, make little or no difference between a peasant and noble estate; but they retain the unlimited liability of their members, while the balance of the 24 institutions of this class have a limited liability of members only and therefore do not carry the name landschaften, but either ritterschaften or credit associations.

The state and provincial institutions, do, in addition to a land credit business also a muncipal loan business, that is they finance, municipal undertaking of various kinds, and act as savings banks, doing more or less a general banking business.

GOVERNMENT SUPERVISION OF INSTITUTIONS.

Their administration being not only supervised but in several instances directly carried on by the authorities in question, their character has more and more become to say the least semiofficial.

There is a great variety of charter rights, manner of operation, sphere of activities among the several institutions of the groups just enumerated, a variety, which does not exist particularly since July 13, 1899, among the institutions of the last group, which comprises the hypothken banken, or mortgage loan banks.

These mortgage loan banks, are called pure or mixed banks according to the presence or absence of activities not directly necessary for the conduct of the mortgage loan business.

There are 26 mixed banks, six of them being in Berlin, that do a general banking business in connection with their land credit business. Ten that confine themselves to land credit only.

LAWS REGULATING CONDUCT OF BUSINESS.

Their conduct of business is regulated by the law of July 13, 1899, although each bank is permitted to formulate its own loaning conditions, providing they are explicitly set forth on their literature to the borrower, a stipulation of the law which would by the way work considerable hardship on some of our loan concerns, if we had it on our statutes.

Their loans are made in currency, except, when the borrower makes demand in writing to receive bonds in payment of the amount of the loan granted him. If his demand is granted, the borrower has the right to repay the loan in bonds of the same class as those he received at the time he made the loan. Cash loans must be repaid in cash.

In order to prevent an untimely sale of bonds, granted in lieu of cash, the bank may reserve the right to conduct the sale of the bonds or to cash them back at their market value, in which case the borrower bears the loss of market value if there is any.

Let me now in closing touch shortly on the question of volume of business done by land credit institutions of Germany. It is of course impossible to give a figure, such as the credit foncier of France furnishes, regarding the total amount of business done by all the institutions, since their incipiency, however it may be interesting for you to know the total amount of mortgages and other evidences of debt, outstanding.

Thanks to the work of the archive and bureau of international land credit statistics, for which I have the honor to act as correspondent for the United States, I am able to state the following:

On January 1, 1913, before the beginning of business the total amount of mortgage loans on the books of all the land credit institutions, that come under the heading as bond issuing institutions, was $4,056,861,562. Of this sum was loaned:

On mortgage security	$3,659,032,377	i. e. 90.2% of total
To municipalities	365,391,952	i. e. 8.8% of total
Other loans	41,437,233	i. e. 1.0% of total

Of the three principal groups of institutions, the landschaften show 91.5% of all loans to be mortgage loans.

The state and provincial institutions	58.5%
The mortgage banks	97.9%

I was afraid it would tire you to listen to the detailed statement of the amount of loans of the different types carried by each one of the institutions, hence my giving you only the proportions.

However, inasmuch as the mortgage banks are the only institutions that probably will ever interest this country let me give you the totals of this group.

They carried on the date mentioned $2,556,894,734 in mortgages and $78,766,757 in municipal loans. Of these mortgages only $153,717,498 were made on farm property, which does not even mean acreage loans entirely, while $2,354,415,798 were loans made on city property. But $697,117,160 of these loans, or 28 per cent were made on the amortization plan, while $1,816,132,158 were short time loans, i. e. loans maturing within 10 years.

Of the total amount of bonds issued and outstanding which on January 1, 1910, was $3,934,488,076, by far the larger amount were bonds of the mortgage banks, namely, $2,438,097,292. Next come the landschaften with $872,549,896, then state and provincial institutions, with $444,675,017, while the balance is distributed among the remaining two groups.

Of all bonds 44.56 per cent were of the 4 per cent type, while 48.62 per cent were issued at 3½ per cent.

The average rate of bonds of all groups was, 3.7125 per cent, landschaften bonds averaging 3.4913 per cent; state and provincial, 3.6628 per cent; and mortgage bank bonds 3.7999 per cent.

On the same day the rate paid the borrower was between 4.39 per cent and 4.64 per cent according to what institution he approached for a loan, the lower rate being that of the pommersche landschaft of that date, exclusive of any fees and incidental charges. Much has been said and written about the rate paid by farmers in this country. Much of it was, to say the least, confusing. It is true the farmer pays a rate of interest which is higher than that paid by the German farmer; but if I had the time I think I could show you, that after all, this American rate, which is by no means 8½ per cent at an average, as was stated, is not much higher than that paid by European farmers if you will look at it from the standpoint from which a commercial banker will look at a would-be borrower.

And then the European farmer pays commissions and incidental expenses just as bravely as his American confrere in the business.

One kind of cooperative credit institutions you have already in your farmers' and state banks, where the stock is actually held by farmers surrounding the town wherein the bank is located, and these banks are today doing a large amount of the farm loan business besides taking care of short time paper loans. You have, therefore, the instrument with which to procure farm mortgage credit. What you need now before all is a uniform mortgage law, and for that reason, I should think that a federal law would be the best, under which loans are made in a uniform manner, executed on uniform blanks, so that when they are offered in the market, the investor does not have to procure first a statute of the particular state in order to learn if his interests are properly guarded in the state from which such loan comes. As to such uniform law, I hardly think that any representative in congress from the West as well as the South will hesitate to support the same on the floor if it has been drawn properly, and that means by men that know the business of making loans as well as that of placing them afterwards; and of those you have quite a few.

In the meantime, and here comes my suggestion, see to it that your legislatures appropriate a small amount of money from each state in the Union, and create a bureau of land credit statistics and kindred subjects. Through such bureau gather reliable information from every state in the Union, to be at all times at the disposal of investors as well as borrowers, and you will have made one step towards a scientific treatment of the majority of the ills under which the American borrower on farm mortgage seems to and is said to suffer.

MR. MILLER: I move that the committee on the appointment of committees be authorized to name and report a committee of nine representing the agricultural papers, the agricultural colleges and the various farm organizations that have had to do with this meeting, to form a committee on printing.

The motion was seconded. After amendments which were debated, the original motion as made by Mr. Miller was taken up, put and carried.

THE CHAIRMAN: Colonel Holland, I am now about to turn your chair over to you.

COLONEL HOLLAND: Before adjourning, I simply want to thank you who have attended this meeeting and those who have assisted in its organization and its management, and express a hope that some good will come from this magnificent gathering.

I particularly wish to thank the gentlemen who have assisted here by presiding over our deliberations, and to say to all of you that when I conceived the idea of calling this meeting it was for the general good. If those who put up their money and gave their time have done some good, we are very thankful indeed and have no other hope of reward than that of the general good.

I hope that the next meeting will be even more interesting and more largely attended than this, and in the meantime I hope that the good work which we have started will be fruitful and bring good results to everyone.

MR. TOUSLEY: I want to move the thanks of this conference be tendered to Colonel Holland and Mr. Holman for the splendid work they have done and the unselfish spirit they have shown in getting up this conference and carrying it through.

JUDGE KONE: I want to second that motion, and I want to say this, that I regard this as one of the most important meetings that ever has been held in the United States. I believe that naught but good will flow from it.

Mr. Edens: It has been moved and seconded that a vote of thanks be extended to Colonel Holland and our efficient secretary, Mr. Holman, and others who have helped bring about this great success.

Motion put and unanimously carried.

The Conference then adjourned to meet in Chicago the second Tuesday in April, 1914 (April 14, 1914).

AUXILIARY MATTERS.

HORTICULTURAL SECTION OF THE NATIONAL CONFERENCE ON MARKETING AND FARM CREDITS.

A meeting of the delegates interested in fruit growing was called at the afternoon session. These delegates, at a dinner at the Sherman hotel, April 8, 1913, and later in a committee room, perfected a temporary organization looking toward a permanent organization of the Horticultural Section of the National Conference. Lloyd S. Tenny of Ithaca, N. Y., was elected temporary chairman, and Laurenz Greene of Ames, Iowa, was appointed temporary secretary.

Problems related to the fruit interests were discussed, and the merits of several plans of organization were considered. The Arkansas plan of marketing farm products was presented by H. S. Mobley of Little Rock, and a committee was instructed to petition the program committee to give Mr. Mobley a place on the regular conference program.

Arrangements were made to visit the fruit and produce market on South Water street for the purpose of familiarizing the delegates with market methods, under present conditions of fruit distribution.

It was the general opinion of the delegates that future conferences could accomplish most by allowing free and full discussions of special problems relative to different lines of agriculture at sectional meetings and a general conference of these sections at which all interests could come together and present general phases of marketing and farm credits. Resolutions were presented, looking toward this end.

FARM JOURNAL EDITORS' SECTION OF THE NATIONAL CONFERENCE ON MARKETING AND FARM CREDITS.

Pursuant to call, a number of representatives of the editorial departments of agricultural publications met in the Sherman Hotel the night of April 8th for the purpose of forming a national farm journal editorial association. The meeting elected Col. Frank P. Holland, of Dallas, Tex., chairman. After a thorough discussion of the question the chairman was authorized to appoint a committee of seven on permanent organization. This committee is authorized to call a national meeting of farm journal editors and members of the editorial staffs of farm journals. Committee was to be appointed later. Those present were:

Col. Frank P. Holland, Dallas, Tex.; J. H. Hale, St. Louis, Mo.; C. W. Burkett, New York, N. Y.; A. C. Page, Chicago, Ill.; Hugh G. Van Pelt, Waterloo, Iowa; Ed. Webster, Ft. Atkinson, Wis.; R. Ingalls, New York City, N. Y.; T. D. Harman, Pittsburg, Pa.; Ben F. Biliter, Huntington, Ind.; C. V. Gregory, Chicago, Ill.; Clifford Willis, Minneapolis, Minn.; E. S. Bayard, Pittsburg, Pa.; J. L. Gilbert, New York, N. Y.; C. A. Taylor, Chicago, Ill.; Frank Long, Chicago, Ill.; H. E. Young, Chicago, Ill.; Clarence A. Shamel, Chicago, Ill.; F. E. Ellis, Peterborough, Ont.; Charles W. Holman, Dallas, Tex.; E. J. Fream, Calgary, Alberta, Canada; G. F. Chipman, Winnipeg, Manitoba, Canada; L. S. Herron, Lincoln, Neb.

COMMITTEE SENT TO WASHINGTON.

Acting upon instruction of the conference Chairman Holland appointed a committee, which left a few days after the conference adjourned, for Washington, and visited the president of the United States, the secretary of agriculture, and various senators and representatives, seeking the creating of a bureau of markets in the department of agriculture with an appropriation of $1,000,000 a year. The personnel of this committee consisted of:

T. D. Harman, chairman, Pittsburg, Pa.; Dr. A. Caswell Ellis, Austin, Tex.; John Sebastian, Chicago, Ill.; E. W. Kirkpatrick, McKinney, Tex.; Dr. J. H. Connell, Stillwater, Okla.; Vance McCormick, Harrisburg, Pa.; M. R. Myers, Chicago, Ill.; Clarence A. Shamel, Chicago, Ill.; Clarence Poe, Raleigh, N.

C.; Arthur Capper, Topeka, Kan.; S. R. McKelvie, Lincoln, Neb.; Edward Byrnes, Chicago, Ill.

The visit of the committee to Washington gave an impetus to the movement to secure adequate federal assistance for the organization of farmers throughout the nation and a more equitable distribution of farm crops.

THE FUTURE OF THE CONFERENCE.

The future of the National Conference on Marketing and Farm Credits rests in the care of a committee on printing and program for the 1914 convention. The committee was appointed by Chairman Holland, pursuant to the report of the committee of permanent organization, ratified by the conference. The personnel is as follows:

Dr. J. H. Connell, chairman, president A. & M. College, Stillwater, Okla.

Hon. Jas. Cox, governor of Ohio, Columbus, Ohio.

Dr. Henry J. Waters, president Kansas Agricultural College, Manhattan, Kan.

Hon. B. F. Harris, former president Illinois Bankers' Association, Champaign, Ill.

Dr. Chas. McCarthy, director Wisconsin Legislative Reference Bureau, Madison, Wis.

Dr. Jas. Ford, Harvard University, professor social science, Cambridge, Mass.

Hon. Louis D. Sweet, farmer and financier, Carbondale, Colo.

Hon. Jas. C. Caldwell, banker and farmer, Lakefield, Minn.

DELEGATES WHO ATTENDED CONFERENCE.

United States of America.

ARKANSAS.

Cannon, J. A.; Little Rock; truck farmer; C. R. I. & P. Railway.

DuCharme, J. Louis; Carlisle; rice grower, Southern Rice Growers' Association.

Farnsworth, Ellis; Little Rock; Board of Trade.

Gibson, Fred A.; Stuttgart; agriculturist, Southern Rice Growers' Association.

Mobley, H. S.; Fayetteville, farmer, University of Arkansas.

Page, Jno. H.; Little Rock; state commissioner of agriculture.

Speer, Charles; Stuttgart; rice grower, Southern Rice Growers' Association.

COLORADO.

Ingalls, R.; Denver; writer.

Sweet, L. D.; 516 Equitable Bldg., Denver; farmer.

WASHINGTON, D. C.

Owens, Clarence J.; Washington; managing director Southern Commercial Congress.

Smith, C. B.; Washington government agriculturist, Division of Farm Management U. S. Department of Agriculture.

Spillman, W. J.; Washington, D. C.; Department of Agriculture.

FLORIDA.

Larson, L.; St. Augustine; Florida East Coast Railway.

Williams, L. C.; Tampa.

ILLINOIS.

Agee, Howard H.; Harris Trust Bldg., Chicago.

Aten, A. T.; Ray; farmer.

Auten, A. O.; 6917 Rogers Park, Chicago; live stock insurance.

Barron, J. F.; 122 W. Adams St., Chicago; general agent Union Pacific R. R. Co.

Barns, P. R.; Forest Glen, Chicago; attorney, Illinois Farmers' Institute.

Brown, L. C.; La Grange; seed grower and dealer

Bourke, J. F.; 230 S. La Salle St., Chicago; advertising manager American Cooperative Journal.

Baughman, I. N.; Marseilles; agricultural management.

Buel, M. P.; Chicago; Cattle Raisers' Association of Texas.

Boring, Chas. O.; c|o John V. Farwell Co., Chicago; Crystola University.

Brown, Jay R.; U. S. Yards, Chicago; Farmers' and Drovers' Journal.

Bell, Henry E.; 916 Postal Telegraph Bldg., Chicago; agronomist, Rep. Middle West Soil Improvement Committee, National Fertilizer Association.

Butler, Burridge D.; Highland Park; publisher, Prairie Farmer.

Baker, E. D.; 1159 E. 61st St., Chicago; student, University of Chicago.

Breen, M. P.; Streator; merchant.

Bradt, S. E.; Dekalb; banker.

Ball, Bert; Room "L," Board of Trade, Chicago; secretary Cooperative Improvement Committee.

Brubaker, Sam'l H.; Gaffield Pl., Evanston; industrial engineer.

Byrnes, Edw.; Room 920, 32 N. Clark St., Chicago; lawyer.

Brinker, E. E.; Room 1008, 167 W. Washington St., Chicago; secretary American Homes Company.

Bridge, Geo. S.; 62 Board of Trade, Chicago; commission merchant.

Barrett, John E.; Prairie View; farmer.

Curtis, Fred A.; 422 N. Park Ave. (Austin), Chicago; president Consumers' National Cooperative Company.

Clarkson, David B.; 1613 Greenleaf Ave., Chicago; publisher.

Carr, L.; 127 N. Dearborn St., Chicago; Life and Labor Magazine.

Conn, G. W., Jr.; Woodstock; secretary Illinois Teachers' Association

Coburn, Geo. W.; Wenatchee, Wash.; also 186 N. La Salle St., Chicago; Wenatchee Valley Fruit Growers' Association.

Chandler, E. W.; 537 S. Dearborn St.; advertising representative Farmers' Review.

Clifford, W. G.; 1728 Republic Bldg., Chicago; representing Printers' Ink.

Chase, Frank M.; 538 S. Clark St., Chicago; editorial representative Prairie Farmer.

Conrad, Martin; 22nd and Rockwell Sts., Chicago; lawyer and general agent.

Cottrell, H. M.; La Salle Street Station, Chicago; agricultural commissioner R. I. Lines.

Chalten, C. H.; Chicago; newspaperman, Northwestern Miller.

Cooper, Geo. H.; Merkena; farmer.

Condon, John H.; 4029 Lexington St., Chicago; merchant.

Crooks, W. A.; 450 Railway Exchange, Chicago; office manager American Realization Co.

Clark, Edw. B.; Golconda; farmer and banker.

Crouse, H. S.; 77th and Campbell Sts., Chicago; builder.

Clair, J. C.; Chicago; industrial and immigrant commissioner I. C. R. R.

Clark, John N.; 230 W. Kinzie St., Chicago; seed business.

Crampton, Richard L.; 1030 Rookery Bldg., Chicago; secretary Illinois Bankers' Association.

Crissey, Forrest; Geneva, Ill.; writer Saturday Evening Post.

DeVes, Rev. Julius S.; 3517 Logan Blvd., Chicago; Catholic Colonization Society.

Davis, Geo. C.; 422 Milwaukee Ave., Chicago; president Morrill Company of Texas.

Dorland, Walter E.; 223 W. Jackson Blvd., Chicago; secretary National Citizens' League.

Dowie, E. J.; 632 La Salle Street Station, Chicago; general industrial agent N. Y. Central Lines.

Davis, W. E.; Libertyville; farmer.

Dennis, E. W.; 3 Rookery Bldg., Chicago; grain commissioner.

Dike, C. F.; North Crystal Lake; farmer.

Draper, J. Lewis; 1209 Peoples Gas Bldg., Chicago; advertising, Orange Judd Co.

Dietz, E. J. W.; 1502 Tribune Bldg., Chicago; publishers' representative.

Dare, Ellsworth L.; 2340 Berkeley Ave., Morgan Park; president Union Trading and Supply Company.

DeSouchet, A. L.; 61 E. Cedar St., Chicago; physician.

Eaton, Robert; Elwood; Master Illinois State Grange.

Earley, Walter; 139 N. Clark St., Chicago; wholesale fruit, California Fruit Growers' Exchange.

Eckerle, Chas. E.; 230 S. La Salle St., Chicago; Farmers' Cooperative Growers Company.

Emery, J. M.; 1408 Steger Bldg., Chicago; representing National Stockman and Farmer, Farmers' Review and Farmers' Guide.

Edens, W. G.; 125 Monroe St., Chicago; banker; Central Trust Company and Illinois Highway Improvement Association.

Farnsworth, Ellis, 110-112 S. Clark St., Chicago; G. P. A. Missouri Pacific and Iron Mountain Railways.

Fox, J. Charpless; 1154 E. 56th St., Chicago; Curtis Publishing Co., Philadelphia.

Funk, Eugene D.; Shirley; farmer, National Corn Association.

Freking, Henry L.; Boyce Bldg., Chicago; publisher The Vegetable Grower.

Funk, Frank H.; Bloomington; farmer and seed commissioner, Funk Bros. Seed Co.

French, W. D.; Thompson; banking.

Farrell, Thos. W.; Chicago; Western representative Up-To-Date Farming.

Funk, Lyllel; Bloomington; farmer.

Fisher, M.; 921 La Salle Street Station; C. C. to Supt. of Refg. C. R. I. & P. R. R.

Green, A. E.; Morgan Park; farmer.

Gage, Albert E.; 1620 Devon Ave., Chicago; Good-of-All League.

Grout, A. P.; Winchester; farmer.

Geweke, August; Des Plaines; truck gardener.

Gregory, C. V.; 538 S. Clark St., Chicago; editor Prairie Farmer.

Graff, J. L.; 84 W. South Water St., Chicago; newspaper correspondent.

Garvey, H. S.; 112 W. Adams St., Chicago; G. F. A., B. & O. R. R.

Grant, H. R.; River Forest; salesman.

Hibbard, H. V.; 1555 Michigan Ave., Chicago.

Houghton, L. C.; Sheffield; farmer, Sheffield Farmers' Gr. Co.

Hutchinson, W. E.; 537 S. Dearborn St., Chicago; Farmers' Review.

Hanley, R. E.; 180 N. Dearborn St., Chicago; secretary-treasurer North American Fruit Exchange.

Haskell, E. S.; 4419 Calumet Ave., Chicago; Office of Farm Management, U. S. D. of A.

Hopkins, Albert R.; 919 Mallers Bldg., Chicago.

Halliwell, A. C.; 815 Exchange Ave., Chicago; editor and publisher Live Stock World.

Haskins, Charles N.; 2932 Groveland Ave., Chicago; secretary Universal Cooperative Union.

Hildebrand, Wm. R.; 184 W. Washington St., Chicago; manufacturer Red Cross Filter.

Haskell, G. M.; 903 Marquette Bldg., Chicago; representing Colman's Rural World.

Hatfield, Charles F.; 917 Ashland Blk., Chicago; field secretary Panama-Pacific International Exposition.

Henebry, J. T.; Plainfield; grain buyer, Plainfield Grain Co.

Huber, H. A.; Room 921 La Salle Street Station, Chicago.

Hay, Berthel; 557 Waller Ave., Chicago.

Husband, A. P.; 911 Royal Insurance Bldg., Chicago; secretary Millers' National Federation.

Hayes, Glen G.; La Grange; editor, Farm-Press.

Harris, B. F.; Champaign; farmer-banker.

Huber, J. M.; 800 N. Clark St., Chicago; physician.

Hayward, S. D.; 2932 Groveland Ave., Chicago; Universal Cooperative Association.

Horine, M. F.; U. S. Yds., Chicago; statistician, U. S. Yds & Transit Co.

Heide, B. H.; Chicago; Union Stock Yards; Manager International Live Stock Exposition.

Harris, H. H.; Champaign; farmer and banker.

Jack, Albert E.; 29 S. La Salle St., Chicago; secretary Milk Producers' Association.

Judd, Miss M. C.; Chicago; writer.

Judson, Dr. H. P.; Chicago; president University of Chicago.

James, Delos L.; Woodstock; consulting agriculturist.

Jarvis, W. J.; Hinsdale; railroad man.

Korsgren, H. W.; 1108 Unity Bldg., Chicago; publishers' representative.

Krebs, Chas. E.; 3948 Lexington St., Chicago; merchant.

Kreidler, D. C.; 1408 Steger Bldg., Chicago; advertising representative Associated Farm Papers.

Kron, F. J.; 112 W. Adams St., Chicago; S. F. Agt., B. & O. R. R.

Leonard, S. F.; 230 W. Kinzie St., Chicago; seeds man, Leonard Seed Company.

Lowell, Hoit & Co.; 52 Board of Trade, Chicago; grain dealers.

Lorch, M. W.; 242 N. Clark St., Chicago; editorial representative The Packer.

Leonard, John R.; Winnetka; hay commissioner.

Line, E. O.; 631 Groveland Park, Chicago.

Larson, L.; 109 W. Adams St., Chicago; N. W. Agt., Florida East Coast R. R.

Leonard, John C.; 1530 W. Monroe St., Chicago; seeds man.

Leslie, A. M.; 201 Main St.; Evanston.

Martin, H. L.; 1310 S. Fifth Ave., Maywood.

Murfry, E. F. R.; Masonic Temple, Chicago; advertising manager Farmers' Voice.

Mares, F. M.; 2876 Archer Ave., Chicago; druggist, Board of Agriculture.

Myers, M. R.; 230 S. La Salle St., Chicago; editor American Cooperative Journal.

MacFarland, Geo. L.; Boyce Bldg., Chicago; Maine Farmer.

Morse, Vernette T.; 2827 Michigan Ave., Chicago.

Magill, R. N.; 5728 Madison Ave., Chicago; colonization work.

Mann, Frank I.; Gilman; farmer, Illinois Farmers' Institute.

Mairhaef, Chas. L.; 3343 W. Harrison St., Chicago.

Melzer, Adam; Glenview; farmer.

Metennes, F. T.; Chicago; editor Der Deutsche Farmer.

Mather, G. P.; Plainfield; farmer.

Mason, J. P.; Elgin; dairyman, Dairymen's Association.

Meyers, H. B.; Chicago; The American Food Journal.

McConnell, F. J.; 1304 Tribune Bldg., Chicago; advertising representative Northwestern Agriculturist.

McGibbons, John H.; 134 S. La Salle St., Chicago.

McFeely, Otto; 314 Superior St., Oak Park; editor Cooperative Farmer.

McKinstry, J. Floyd; Grant Park; farmer.

McNutt, M. B.; Glen Ellyn; lecturer on Country Life.

McPike, E. F.; 135 Park Row, Chicago; manager perishable freight service, I. C. R. R.

Nelson, Dr. Daniel T.; 2400 Indiana Ave., Chicago.

Newell, M. E.; 529 Commercial National Bank Bldg., Chicago; commercial agent, Tennessee Central R. R.

Nicholson, H. D.; 112 W. Adams St., Chicago; freight agent Grand Trunk R. R.

O'Flaherty, Hal.; Times Bldg., Chicago; reporter, United Press Assn.

Otis, C. T.; 619 Monadnock Block, Chicago; farmer.

Orman, Felix; 1316 Peoples Gas Bldg., Chicago; writer.

Price, E. J.; 9 S. La Salle St., Chicago; lawyer.

Pierce, C. E.; 112 W. Adams St., Chicago; C. F. A., Frisco Lines.

Petty, Fred L.; 1209 Peoples Gas Bldg., Chicago; editor, Phelps Publishing Co.

Pope, John F.; 3824 Harvard St., Chicago; civil engineer and architect.

Powers, C. A.; 6137 St. Lawrence Ave., Chicago; farmer and financier.

Page, A. E.; 1209 Peoples Gas Bldg., Chicago; associate editor, Orange-Judd Farmer.

Pickett, Clayton C.; Chicago; auditor, Municipal Court of Chicago.

Pitner, Lee J.; 1106 Davis St., Evanston; truck grower.

Robinson, C. H.; Ashland Block; editor, Western Review.

Ross, John D.; Chicago; newspaper man, Northwest papers.

Rossing, R. R.; 315 La Salle St., Chicago; editor, Grain Dealers' Journal.

Robbins, Fred A.; 6951 Sheridan Rd., Chicago; Burkitt Advertising Agency.

Reid, H. B.; Chicago; Universal Portland Cement Company.

Stees, E. W.; 450 Railway Exchange, Chicago.

Strover, Carl; 133 W. Washington St., Chicago; lawyer.

Shilling, S. B.; 136 Lake St., Chicago; publisher Chicago Dairy Produce.

Swift, R. B.; Libertyville; farmer.

Stewart, Charles Leslie; 905 W. Nevada St., Urbana; educator, University of Illinois.

Schmidt, Martin; El Paso; Bloomington Pantagraph.

Smith, Martin; 3251 Evanston Ave., Chicago; newspaper man.

Simon, Geo. W.; 706 W. 12th St., Chicago; agriculturist, Jewish Agricultural and Industrial Aid Society; also Federation of Jewish Farmers of America.

Sheriff, Andrew; 1060 The Rookery, Chicago; lawyer.

Shamel, Clarence A.; 1209 Peoples Gas Bldg., Chicago; editor Orange-Judd Farmer.

Swanson, Arthur E.; 31 W. Lake St., Chicago; instructor, Northwestern University School of Commerce.

Schloss, M.; Elms Hotel, Chicago; newspaper man.

Sterne, Chas. A.; Postal Telegraph Bldg., Chicago; merchant.

Simpson, F. M.; Urbana; College of Agriculture University of Illinois.
Sebastian, John; La Salle Street Station, Chicago; vice-president C. R. I. & P. R. R.
Stickney, W. M.; 52 Board of Trade, Chicago; grain commission man.
Shaw, Jas. W.; Room 1110, 38 S. Dearborn St., Chicago; secretary American Reclamation Federation.
Schwinge, Henry H.; Norwood Park; farmer.
Stuart, A. Queen; 54 Snell Hall, University of Chicago, Chicago; teacher.
Sherman, O. G.; 6500 Minerva Ave., Chicago; North Side Canal Users of Jerome, Idaho.
Thompson, W. Y.; 5400 Ellis Ave., Chicago; student, University of Chicago.
Taylor, C. A.; Chicago; publisher of Farm Life.
Vrooman, Carl; Bloomington; farmer.
VonHerff, B.; McCormick Bldg., Chicago; agricultural chemist, Virginia State Horticultural Society.
Van Der Vaart, S. S.; 431 S. Dearborn St., Chicago; editor, Ice and Refrigeration.
Weed, Clarence E.; 225 W. 59th Pl., Chicago; newspaper man, University of South Dakota.
Woodruff, Geo.; Joliet; banker.
White, Geo. W.; 72 E. Elm St., Chicago; farmer.
Wetzel, Etta A.; 1443 E. 60th St., Chicago.
Wheeler, J. J.; 7336 St. Lawrence Ave., Chicago.
Worth, F. C.; 310 Monadnock Block, Chicago; Shepherds' Journal.
Wiechus, Casher, 4146 Princeton Ave., Chicago; carpenter.
Waggoner, J. E.; Harvester Bldg., Chicago.
Wilson, Oliver; Peoria; Master the National Grange.
Warren, C. E.; Hinsdale; real estate and insurance.
White, A. J.; 141 W. Jackson Blvd., Chicago; grain commissioner.
Young, H. E.; 537 S. Dearborn St., Chicago; editor, Farmers' Review.
Young, C. H.; Grant Park; farmer.
Zollars, Chas. E.; 105 W. Monroe St., Chicago.

INDIANA.

Biliter, Ben F.; Huntington; publisher, Farmers' Guide.
Beerg, P. H.; North Manchester; traveling colonization agent, A. T. & S. F. R. R.
Breyfogle, L. C.; Crown Point; farmer.
Benjamin, C. B.; Le Roy; farmer.
Christie, G. I.; LaFayette; superintendent of Agricultural Extension, Purdue University.
Dinwiddie, Oscar; R. R. No. 2, Lowell; farmer.
Everitt, J. A.; Indianapolis; editor, Up-to-Date Farming.
Ellis, L. W.; La Porte; publicity manager M. Rumely Company.
Hardy, John E.; Portland; farmer.
Haskett, H. C.; Tipton; farmer.
Jarvis, John D.; La Fayette; DeLaval Separator Company.
Line, Thomas L.; Columbia City; farmer.
Lehman, H. J.; Le Roy; farmer.
Maish, D. F.; Frankfort; farmer and fruit grower, representing Government of Indiana and Federation of Agricultural Associations.
Praigg, Noblet; Portland; publisher, Commercial Review.

Powers, F. W.; 128 N. Grant St., West La Fayette; farm manager.

Riley, Chas. B.; Indianapolis; grain dealer.

Reeder, David H.; La Porte; farmer, La Porte County Fruit Growers' Association.

Robbins, J. S.; McCall; farmer.

Skinner, J. H.; La Fayette; professor, Purdue University.

Schlosser, Samuel; Plymouth; creamery manager, Schlosser Bros.

Woods, Sam B.; Crown Point; farmer.

IOWA.

Andrews, John; Waterloo; publisher, Kimball's Dairy Farmer.

Atkinson, Jas.; Des Moines; editor, Pierce Farm Weeklies.

Aohitcher, Dr. L.; Mt. Pleasant; physician.

Behrens, Carl A.; Davenport; grocer, Davenport Retail Grocers' Association.

Beresford, Rex; Ames; beef cattle specialist, Iowa Beef Producers' Association.

Curtiss, C. F.; Ames; dean, Iowa State College.

Doffing, Nick; Exira; farmer.

Frisby, Robt. E.; Cedar Falls; real estate.

Greene, Laurenz; Ames; experimental horticulturist, Iowa Experiment Station.

Hearst, Chas. E.; Cedar Falls; farmer.

Hearst, Geo. E.; Cedar Falls; farmer.

McCulloch, Fred; Hartwick; farmer and stockman, Iowa Beef Producers' Association.

Moffit, John T.; Tipton; farmer.

Pearson, Raymond A.; Ames; president Iowa State College.

Ray, W. J.; Cole; secretary Fruit Grower Dealers' Association of Iowa.

Risline, Dr. John M.; Cedar Rapids; physician.

Stevenson, W. H.; Ames; professor of agronomy, Iowa Agricultural College.

Schaefer, J. H.; Davenport; grocer.

Snyder, A. H.; Des Moines; associate editor Successful Farming.

Thielen, Dr. M. H.; Grundy Center; physician.

Van Pelt, Hugh G.; Waterloo; editor and associate manager, Kimball's Dairy Farmer.

Wallace, H. C.; Des Moines; publisher, Wallaces' Farmer.

KANSAS.

Hoover, J. S.; Manhattan; farmer.

Miller, J. H.; Manhattan; director of college extension, Kansas State Agricultural College.

Waters, H. J.; Manhattan; president, Kansas State Agricultural College.

Yoder, J. J.; McPherson; farmer.

KENTUCKY.

Young, Calleis; Louisville; publisher, Poultry Ideas.

LOUISIANA.

Daggett, E. N.; Elton; rice planter, Southern Rice Growers' Association.

MAINE.

Johnson, H. W.; Portland; traveling lumber salesman.

MARYLAND.

Border, W. Grant; Baltimore; apple dealer.

Gallagher, Austin; Baltimore; industrial commissioner, Western Maryland Railway Company.

MASSACHUSETTS.

Foster, Warren Dunham; Boston; department editor Youth's Companion; member Massachusetts Homestead Commission.

Morse, Stanley F.; Northboro; agricultural expert.

MICHIGAN.

Bassett, C. E.; Fennville; fruit grower.

Brown, Addison M.; East Lansing; secretary Michigan Agricultural College.

Benway, A. D.; Lawton; Michigan Fruit Exchange.

Endres, Fred; Irons; farmer.

Gramm, Dr. C. L.; Mattewan; farmer.

Hull, N. P.; Dimondale; farmer, representing National Dairy Union and National Grange.

Hutchins, J. Weston; Hanover; farmer, Michigan State Senate.

Ketcham, John C.; Hastings; master Michigan State Grange.

Keasey, E. L.; South Haven; farm journalist, Gleaner.

Leslie, A. M.; Northport; horticulturist.

Monroe, C. J.; South Haven; farmer and banker, South Haven and Casco Pomological Society.

Mumford, Eben; East Lansing; educator, Michigan Agricultural College.

McNaughton, Senator T. H.; Lansing; farmer.

McDonald, S. J.; Grand Rapids; publisher Herald Publishing Company.

Norton, Samuel W.; Hart; farmer.

Shoesmith, V. M.; East Lansing; professor of farm crops, Michigan Agricultural College.

Skinner, J. H.; 37 Pearl St., Grand Rapids; county agriculturist.

MINNESOTA.

Adams, J. H.; Minneapolis; editor and publisher, The Cooperative Manager and Farmer.

Bull, C. P.; St. Paul (University Farm); National Corn Association.

Caldwell, James C.; Lakefield; banker, representing the four cooperative organizations of Lakefield, Minnesota.

Hughes, Hugh J.; Minneapolis; editor, Farm, Stock and Home.

Hoverstad, T. A.; Minneapolis; agricultural commissioner Soo Railway.

Rhoads, B. W.; Minneapolis; general advertising manager Northwestern Agriculturist.

Thompson, C. W.; St. Paul; professor of economics, University of Minnesota.

Tousley, E. M.; Minneapolis; secretary, Right Relationship League.

Wallace, D. A.; St. Paul, editor The Farmer.

Willis, Clifford; Minneapolis; editor Northwest Farmstead.

Willard, D. E.; St. Paul; development agent, Northern Pennsylvania Railway .

MISSISSIPPI.

Lawrence, L. L.; Laurel; manager Industrial and Immigrant Department N. O. M. & C. Railroad Company.

MISSOURI.

Anderson, J. N.; 103 Missouri Pacific Building, St. Louis; immigrant agent M.-P. and I. M. Railroads.

Beattie, W. R.; St. Louis; agricultural commissioner ''Cotton Belt.''

Boles, Ashleigh P.; Columbia; horticulturist, Frisco Lines.

Cannon, Thomas L.; 614 Commercial Building, St. Louis; writer, representing St. Louis Conventions' Bureau.

English, W. S.; Frisco Building, St. Louis; supervisor agricultural development Frisco Lines.

Harburger, W. R.; 614 Commercial Building, St. Louis; advertising man.

Hale, Philip H.; St. Louis; editor National Farmer and Stock Grower.

La Baume, E. W.; 4710 Westminster Pl., St. Louis; G. P. A., ''Cotton Belt'' Ry.

McCaslin, W. Rollin; 3800 Central St., Kansas City; real estate.

Nicholson, J. Ernest; St. Louis; advertising manager, Journal of Agriculture.

Robinson, E. L.; St. Louis; market agent, Southern Railway.

Stone, J. E.; St. Joseph; editor, Thresherman's Review.

Stark, Wm. H.; Stark City; Stark Nursuries.

NEBRASKA.

Dunlap, J. T.; Omaha; Nebraska Farm Journal.

Filley, H. C.; South Lincoln (University Farm); assistant professor of Farm Management.

Foster, Dr. Harry A.; 2506 Maple St.; Nebraska Legislature.

Herron, L. S.; Lincoln; editor, Nebraska Farmer.

Hunt, E. W.; Omaha; editor, The 20th Century Farmer.

Hanson, Peter; Hardy; farmer.

Liston, F. E.; Hoops; farmer.

Lawson, L. C.; Clarks; farmer.

McKelvie, H. C.; Lincoln; publisher, Nebraska Farmer.

Odell, Frank G.; Lincoln; farmer.

Pollard, E. M.; Nehawha; president Eastern Nebraska Fruit Growers' Association.

Pugsley, C. W.; Lincoln; University of Nebraska.

Quick, Herbert; Omaha; editor Nebraska Farm Magazine.

Ream, J. D.; Broken Bow; farmer.

Stull, Wm.; Omaha; farmer.

Snyder, J. C.; Hastings; real estate.

Thompson, Chas. Y.; West Point; farmer.

Vincent, C.; Omaha; grain commissioner Farmers' Grain Company.

NEVADA.

Sears, Fulton H.; Fallon; farmer, National Federation of Water Users' Association.

NEW HAMPSHIRE.

Barker, C. W.; Exeter; president New Hampshire Horticultural Society and representing New Hampshire Grange.

NEW JERSEY.

Ingling, W. H.; Freehold; manager Iron County Farmers' Exchange.

NEW YORK.

Burkett, Chas. W.; 415 4th Ave., New York City; editor American Agriculturist.

Breitung, E. N.; 11 Pine St., New York City.

Benedict, F. E.; Waterville; advertising manager Poultry Husbandry; representing Waterville Times.

Fullerton, H. B.; Medford, L. I.; director agricultural development L. I. Railway.

Gilbert, J. L.; 39 W. 32nd St., New York City; Business America.

Ingalls, R.; 39 W. 32nd St., New York City; Business America.

Merriam, James R.; New York City; The World's Work.

Morse, Herman N.; 156 Fifth Ave., New York City; president Department of Church and Country Life.

Stowell, Jay S.; 156 Fifth Ave., New York City; president Home Mission Board.

Tenny, Lloyd S.; Ithaca; U. S. Department of Agriculture and New York State College of Agriculture.

NORTH CAROLINA.

Hutt, W. M.; Raleigh; horticulturist.

NORTH DAKOTA.

Cooper, Thomas; Fargo; director Better Farming Association of North Dakota.

Muir, William C.; Hunter; Hunter Potato Association.

Worst, J. H.; Fargo; president North Dakota Agricultural College; president National Irrigation Congress.

OHIO.

Allen, C. H.; 619 Winthrop, Toledo; agricultural extension department, International Harvester Company.

Burch, D. Stockwell; Springfield; associate editor Farm and Fireside.

Dare, S. H., Cincinnati; general freight agent Cincinnati & Ohio Ry.

Goddard, L. H.; Wooster; Ohio experiment station.

Harpster, J. H.; Millersburg; farmer, Holmes County Grange.

Lane, E. M.; Cincinnati; market agent Southern Railway.

Line, Dr. Josephine A.; Hiran.

Price, Homer C.; Columbus; dean School of Agriculture, Ohio State University.

OKLAHOMA.

Connell, J. H.; Stillwater; president Oklahoma A. & M. College.

Gibbons, J. E.; Purcel; farmer, Cooperative Grain & Elevator Company.

Martin, T. P., Jr.; Oklahoma City; president Oklahoma Stock Yards National Bank.

Umholz, F. H.; Oklahoma City; fruit grower.

OREGON.

MacPherson, Hector; Corvallis; professor of agricultural economics Oregon Agricultural College.

PENNSYLVANIA.

Anderson, M. C.; Pittsburgh; traveling fruit buyer.

Bayard, E. S.; 110 Shady Ave., Pittsburgh; editor National Stockman and Farmer.

Currie, Barton W.; Curtis Publishing Company, Philadelphia, representing the Country Gentleman.

Harman, T. D.; Pittsburgh; publisher National Stockman and Farmer.

Thomas, Jefferson; Morris Bldg., Philadelphia; advertising agent.

Tomhave, W. H.; State College; professor of animal husbandry Pennsylvania State College.

SOUTH CAROLINA.

McMaster, F. H.; Columbia; insurance commissioner and farmer.

TENNESSEE.

Hatcher, W. J.; Greenfield; Fruit Growers' Association.

TEXAS.

Austin, Chas. B.; Austin; department of extension, University of Texas.

Briggs, Frank A.; Dallas; editor Texas Almanac, Dallas-Galveston News.

Beamer, John T.; San Juan; representing Alamo Land & Sugar Co.

Durham, C. E.; Hico; farmer.

Elstner, Jo. C.; Ebenezer.

Ellis, A. Caswell; University Station, Austin; director department of extension, University of Texas.

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